

CITY OF SANTA MONICA

1998-2003

HOUSING ELEMENT UPDATE



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1998-2003 HOUSING ELEMENT UPDATE

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I. INTRODUCTION

The Housing Element of the Santa Monica General Plan sets forth the City's five-year strategy to preserve and enhance the community's character, expand housing opportunities for all economic segments, and provide guidance and direction for local government decision-making in all matters related to housing. The Housing Element Update, with its revised goals and objectives, provides an implementation strategy for effectively addressing the needs of all Santa Monica residents for the 1998-2003 period.

In preparing this Housing Element, the City has engaged an in-depth and comprehensive evaluation of the City's housing-related regulations and programs and the City's housing needs and resources. Through this evaluation, the City has identified its priority goals and objectives. These include: preservation of affordable housing threatened by the Costa-Hawkins Rental Housing Act, development of housing for families, and reexamination of development incentives and standards for affordable housing. The policies and programs set forth in this document directly respond to the identified goals and objectives.

A. STATUTORY AUTHORITY

Sections 65580 to 65589 of the Government Code of the State of California contain the legislative mandate for the Housing Element of the General Plan. The legislation requires that each city provide a detailed program to address the housing needs of its current residents. Specifically, the legislation requires the following:

The housing element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, and quantified objectives and scheduled programs for the preservation, improvement, and development of housing. The housing element shall identify adequate sites for housing, including rental housing, factory-built housing, and mobile homes and shall make adequate provision for the existing and projected needs of all economic segments of the community.

Table I-1 lists the requirements of state law and identifies the pages where the relevant discussion may be found.

**TABLE I-1
GUIDE TO COMPLIANCE WITH STATE LAW**

Requirement	Page
Section 65583	
(a) Needs Assessment and Inventory of Constraints and Resources	
(1) Population and employment trends	II-1 to II-8
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(b) Statement of Goals, Quantified Objectives, and Policies	V-1 to V-60
(c) Five-Year Housing Program	
(1) Adequate sites	V-9 to V-60
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(3) Remove governmental constraints	V-9 to V-60
(4) Conserve existing housing stock	V-9 to V-60
(5) Promote equal access to housing	V-9 to V-60
(6) Preservation of Assisted Housing	V-9 to V-60
(d) Public Participation	I-4
Section 65584	
(1) Regional Housing Needs Assessment (SCAG)	II-82 to II-93

¹ This table is intended to provide a general guide to the location of the State requirements within the Housing Element. However, in many instances these requirements are addressed in more than one section.

B. ORGANIZATION OF THIS ELEMENT

The Santa Monica Housing Element Update follows the organization prescribed by state law.

1. An assessment of housing needs and an inventory of resources (Section II)
2. A discussion of potential constraints on housing production (Section III)
3. A summary of progress under the 1993 Housing Element (Section IV)
4. A description of the goals, quantified objectives, policies, and programs that the city has chosen to meet the identified needs (Section V)

Given the detailed and lengthy analysis undertaken in developing this Element, much of the supporting background material has been included as appendices to the Element. These appendices include:

- Summary of Comments from Community Meetings
- 1995 Santa Monica Apartment Tenant Survey
- Inventory of Land Suitable for Residential Development: 1996 - June 1998
- Available Financial Resources and Projections
- Residential Development Standards and Fees
- Comparison of Residential Intensity Permitted Under the 1984 Land Use Element and Current Zoning Ordinance
- Re-evaluation of the 1993 Housing Element

In addition, a series of technical memoranda have been prepared by Hamilton, Rabinovitz & Alschuler (HR&A) (see Section I.E).

An Environmental Impact Report will also be prepared to evaluate the potential impacts of implementation of the policies and programs contained in the Element. It will be a separate document and will not be bound with the Element.

C. RELATIONSHIP TO OTHER ELEMENTS

The Land Use and Circulation Element (LUCE) of the General Plan designates land for residential development and establishes maximum densities and intensity of development. The circulation portion of the element establishes policies for providing essential infrastructure to all housing that is developed. The policies contained in other elements of the General Plan will affect the quality of life that residents enjoy--the amount and variety of open space, the preservation of natural, historic, and cultural resources, the permitted noise levels in residential areas, and the safety of residents in the event of a natural or man-made disaster (e.g., earthquakes). The Element has been reviewed for consistency with other General Plan elements. The policies and programs in this Element reflect the policy directions contained in the rest of the General Plan. As portions of the General Plan are

amended in the future, the General Plan (including the Housing Element) will be reviewed to ensure internal consistency is maintained.

D. PUBLIC PARTICIPATION

During the preparation of this Element, public input has been actively encouraged. An initial public scoping session was conducted on April 24, 1995. Two community meetings were held on August 5 and August 9, 1995, to explain the statutory requirements for the housing element and to solicit input on the housing problems and issues facing the city. Issues raised at these meetings helped shape preparation of the Element. A summary of community comments is contained in Appendix A.

The public was provided numerous opportunities to recommend strategies, review and comment on the Draft Element. The Draft Element was presented to the Housing Commission and Rent Control Board at public meetings. Public hearings were conducted before the Planning Commission and City Council prior to submittal of the Draft Element to the State Department of Housing and Community Development (HCD). Upon receipt of HCD's comments on the Draft Element, additional public hearings were conducted before both the Planning Commission and City Council.

All public meetings on the Draft Element are noticed to a wide cross section of the community. The City maintains a list of all active organizations, including tenant and homeowners associations, to which notices are sent. In addition, meetings are noticed in the local newspaper, *The Outlook*, and through the City's Public Electronic Network (PEN), a computer system which makes notices and documents available to residents via computer modem. Finally, the Neighborhood Support Center--a non-profit organization created by the City to provide technical assistance to established neighborhood associations--assists City staff in contacting members of neighborhood associations about meetings.

E. SPECIAL HOUSING ELEMENT STUDIES

To assist the City in preparation of this Element, the City hired the consulting firm of Hamilton, Rabinovitz & Alschuler ("HR&A"). HR&A is a nationally-recognized consulting firm, that has extensive experience in all aspects of housing policy and direct housing finance transaction experience.

HR&A performed work for the City in the following areas:

- (a) The 1995 Santa Monica Apartment Tenants Survey
- (b) The City's "Fair Share" of Regional Housing Needs Estimate
- (c) The Impact of the Costa-Hawkins Rental Housing Act on the City's Rent Controlled Apartment Stock

-
- (d) Assessments of the following programs as a potential or actual constraint on the production of housing: Rent Control Removal Permits, the Rent Control Board's Ellis Act Withdrawal Process, Residential Rezoning Actions, the City's Conditional Use Permit Requirement for New Condominiums, and the City's Inclusionary Housing Program
 - (e) The Cumulative Effect of Five City Regulations as a Potential or Actual Constraint on the Production of Housing
 - (f) Assessment of the R2 District Buildable Envelope

In preparing the City's "fair share" estimate, HR&A used the services of Dr. Dowell Myers, an Associate Professor at USC's School of Urban and Regional Planning. Dr. Myers has particular expertise in the implications of demographic changes in the Los Angeles area on housing demand, overcrowding and housing affordability. HR&A also utilized the services of Killefer Flammang Purtill Architects to prepare site plan sketches for various analyses of development prototypes in the City. Killefer Flammang Purtill Architects has a long track record of designing multi-family projects, including projects in Santa Monica.

The results of these analyses are contained in the Draft Element. The memoranda and reports themselves are separately bound in the Housing Element Technical Appendix.

F. 1995 SANTA MONICA APARTMENT TENANTS SURVEY

Apartment buildings, both rent-controlled and uncontrolled, account for a large share of Santa Monica's housing stock. A thorough understanding of apartment tenant household characteristics, demographics, and satisfaction with housing quality are central to the issues and policies addressed by this Element. In addition, a new State law affecting the City's system of rent control, the Costa-Hawkins Rental Housing Act, has raised new housing policy challenges for the City. However, the most commonly relied upon source of data for information on Santa Monica's housing stock and its households, the decennial U.S. Census, has significant limitations in meeting the City's information needs about apartments. First, the 1990 U.S. Census is over half a decade old, and in light of the historically greater degree of turnover in the multi-family stock than in single-family housing, data from 1990 may not adequately describe the situation of apartment renters in 1996. Second, although the Census distinguishes "renters" and "rental housing" from "owners" and "owned housing," and "single-family" housing from "multi-family" housing, it does not include data specifically on apartment units or households residing in apartments. The 1995 Santa Monica Tenant Survey ("1995 Tenant Survey") was conducted to help fill these information gaps.

The 1995 Tenant Survey was structured as a telephone interview designed to obtain statistically valid results.² The survey questionnaire was developed to elicit information

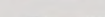
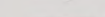
² A total of 633 surveys were completed. The survey's margin of error for categorical variables for the controlled rental stock as a whole is no more than +/- 4% at the 95% confidence level.

about the qualifying respondent's apartment unit and building, length of residency, previous residential relocation patterns, rent levels and other monthly housing costs, perceptions of apartment unit and building maintenance and quality, and general household demographics. Qualified respondents included renters in rent-controlled and uncontrolled apartments in Santa Monica. Non-renters, renters of single-family homes, condos, hotels, and other non-apartment accommodations, and renters in public housing, government-subsidized housing, and housing owned and managed by non-profit entities were excluded from the survey.

Responses were obtained from a stratified random sample of Santa Monica households based on the zip code of residence and rent control status, with different sampling rates applied to each of three different geographic areas of the City. The geographic strata divide the City roughly into thirds, along Pico Boulevard and Wilshire Boulevard, as shown in Figure I-1, which generally correspond with groups of census tracts, zip codes, and administrative areas used by the City's Rent Control Board. Results of the 1995 Tenant Survey have been incorporated throughout this Element. Appendix B contains a complete copy of the survey results.

Figure I-1
1995 Tenant Survey
Geographic Subareas

**CITY OF
SANTA MONICA
HOUSING ELEMENT**

-  City Boundary
-  Geographic Subareas
-  Streets



E. HOUSING NEEDS APPRAISAL

The housing needs of the City of Santa Monica have been estimated by using the 1980 Census data, Table B-1, which shows the number of persons in the City of Santa Monica in the housing units. The housing units are divided into three categories: single-family detached, single-family attached, and multi-family. The housing units are divided into three categories: single-family detached, single-family attached, and multi-family. The housing units are divided into three categories: single-family detached, single-family attached, and multi-family.

The housing needs of the City of Santa Monica have been estimated by using the 1980 Census data, Table B-1, which shows the number of persons in the City of Santa Monica in the housing units. The housing units are divided into three categories: single-family detached, single-family attached, and multi-family. The housing units are divided into three categories: single-family detached, single-family attached, and multi-family.

A. POPULATION

1. Population Growth Trends

Table B-1 and Figure B-1 show the City's population growth from 1950 to 1980. The population in 1950 was 17,011, and in 1980 it was 35,905, representing a growth of 109 percent. Between 1950 and 1980, the City's population increased at the rate of 1.5 percent per year. The City's population, however, has increased at a faster rate than the State of California. Between 1950 and 1980, the State's population increased by 109 percent, from 10,593,000 to 22,593,000, representing a 1.5 percent increase. The population of Santa Monica in 1980 was 35,905, representing a 1.5 percent increase. The population of Santa Monica in 1980 was 35,905, representing a 1.5 percent increase. The population of Santa Monica in 1980 was 35,905, representing a 1.5 percent increase.

In contrast, Los Angeles County grew by 12.5 percent (from 7,477,101 to 8,401,104 population) between 1980 and 1990. Census (Census 1990) County population is estimated at 9,241,500 by the State Department of Finance. This growth trend is largely due to the development of vacant land in outlying areas, including Santa Clara and Arroyo valleys.

Santa Monica's population density, as measured by persons per square mile, is the highest among the seven northernmost Bay Area counties evaluated. As illustrated in Table B-3 in Appendix E, Santa Monica has over 11,200 persons per square mile, compared with

The State Department of Finance provides population estimates for the County of Santa Monica. The County data are used as the basis for the population estimates in this report. The population estimates are based on a number of factors, including the number of persons per square mile.

II. HOUSING NEEDS AND RESOURCES

The housing needs of the City of Santa Monica are determined by the characteristics of the population (age, household size, income, physical disabilities, etc.) and the characteristics of the housing available to them (number of units, tenure, size, cost, etc.). The existing housing stock is rarely perfectly suited to all of the residents of the community, because life situations change and different types of housing are needed at different stages in one's life. This section explores the characteristics of the existing and projected population and housing stock in order to define the extent of unmet housing needs in the community.

Comprehensive information about residents of Santa Monica and their housing is found in the decennial federal census. Data from the 1990 Census has been incorporated into this section. Census information has been supplemented with data from other sources, including the 1995 Tenant Survey, City records, the California Employment Development Department and Department of Finance, the Santa Monica-Malibu Unified School District, and the County of Los Angeles.

A. POPULATION

1. Population Growth Trends

Table II-1 and **Figure II-1** show the City's population growth since 1890. Between 1890 and 1930, the City experienced a doubling of its population almost every ten years. Between 1950 and 1980, the City's population increased at declining rates from 33 percent in 1950 to less than 1 percent in 1980. The City's population has remained fairly constant since 1970. Between 1980 and 1990, the City's population actually decreased from 88,314 in 1980 to 86,905 in 1990, representing a 1.5 percent decline. This population trend was largely attributable to a decline in average household size (refer to Section II.B). Most developable land in Santa Monica was fully built out by the mid-1960's and growth since then has principally come as a result of recycling of lower intensity development to higher density and more intensive uses. The current (January 1995) Santa Monica population is estimated at 89,200 by the State, representing a 2.6 percent increase since 1990.¹

In contrast, Los Angeles County grew by 18.5 percent (from 7,477,503 to 8,863,164 population) between 1980 and 1990. Current (January 1995) County population is estimated at 9,244,600 by the State Department of Finance. This growth trend is largely due to the development of vacant land in outlying areas, such as the Santa Clarita and Antelope valleys.

Santa Monica's population density, as measured by persons per square mile, is the second highest among the seven westside/south bay jurisdictions evaluated. As illustrated in Table E-5 in Appendix E, Santa Monica has over 11,200 persons per square mile, exceeded only

¹ The State Department of Finance produces population estimates for non-Census years only. The Census data are used as benchmark figures to which all estimates for non-Census years are adjusted using a variety of estimating techniques and county-level control factors.

by West Hollywood, one of the densest cities in the state, with nearly 19,000 persons per square mile.

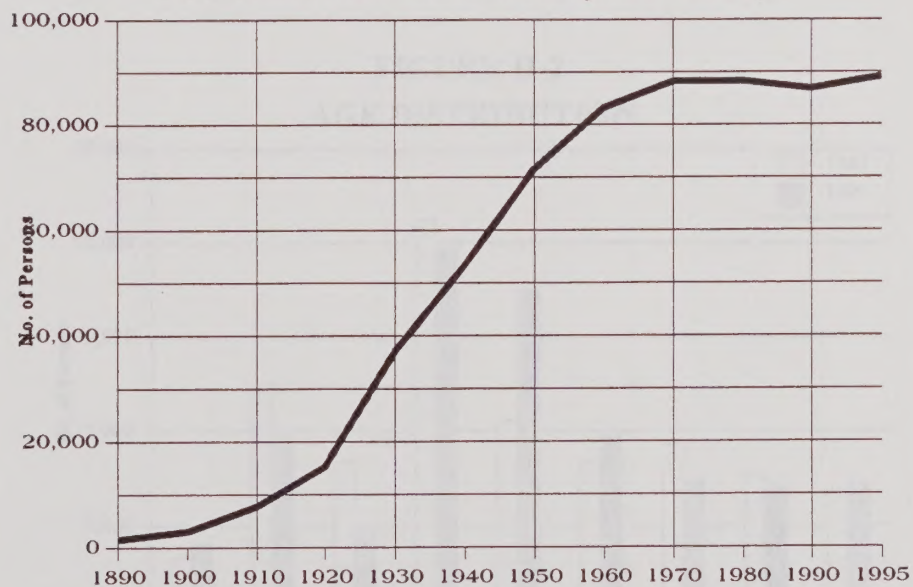
TABLE II-1
POPULATION GROWTH: 1890 - 1995

Year	Population	Percent Change
1890	1,580	---
1900	3,057	+93.5%
1910	7,847	+156.7%
1920	15,252	+94.4%
1930	37,146	+143.5%
1940	53,500	+44.0%
1950	71,595	+33.8%
1960	83,249	+16.3%
1970	88,289	+6.1%
1980	88,314	+0.0%
1990	86,905	-1.6%
1995	89,200	+2.6%

Sources:

- (1) U.S. 1990 Census.
- (2) State Department of Finance, January 1995
Population Estimates.

FIGURE II-1
POPULATION GROWTH (1890 - 1995)



2. Age

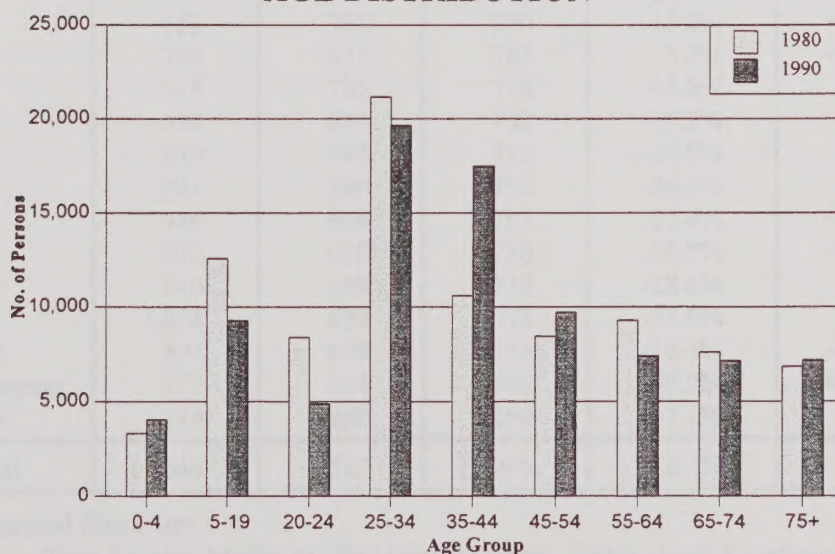
Table II-2 shows the age distribution of the City's population in 1980 and 1990. The trends during the 1980's reflect a significant increase in very young children (0-4), a substantial decline in the population between the ages of 5 and 34, an increase in the population between 35 and 54, a decline in the population between 55 and 74, and a slight increase in the senior population over 74.

TABLE II-2
AGE CHARACTERISTICS

Age Group	1980	1990	Percent Change
0-4	3,313	4,048	22.2%
5-19	12,570	9,282	-26.2%
20-24	8,407	4,885	-41.9%
25-34	21,187	19,674	-7.1%
35-44	10,614	17,501	64.9%
45-54	8,449	9,742	15.3%
55-64	9,296	7,422	-20.2%
65-74	7,624	7,154	-6.2%
75+	6,854	7,197	5.0%
Total	88,314	86,905	-1.6%

Source: U.S. 1990 Census.

FIGURE II-2
AGE DISTRIBUTION



In 1980, the median age in Santa Monica was 34.1, significantly higher than the 29.8 Countywide median age. Based on 1990 Census data, the median age in Santa Monica has risen to 37.9, widening further the gap between the 1990 County median age of 30.7. This increase in median age is due largely to the significant proportional and numerical increases in the mature adult group (age 35 to 44), and the significant decreases in children between 5 and 19 years old and young adults between 20 and 24 years old. In contrast, the County experienced a 14 percent increase in children age 5 to 19 and an 8 percent increase in young adults age 20 to 24 between 1980 and 1990. Also, the County showed a 45 percent increase in the mature adult group (age 35 to 44) between 1980 and 1990, lagging behind the City's 65 percent increase in the same group.

Information from the Santa Monica-Malibu Unified School District contained in **Table II-3** indicates that between 1980 and 1991, there was a decline in school age children in Grades 3 through 12 and an increase in children in Grades kindergarten through 2, for an overall decline in enrollment of 18.2 percent. Current (1995) school enrollment figures indicate an overall six percent increase above 1991, mirroring the City's population growth since 1990. However, according to School District officials, a significant portion of this increase may be attributed to recent changes in state law, which provide parents with the option of enrolling their children in the school district in which the parent's job is located. As of June 1995, 675 students had enrolled under this "parent employment program" in the Santa Monica Unified School District.

TABLE II-3
SCHOOL ENROLLMENT BY GRADE

Grade	1980	1991	1995	Percent Change	
				1980-1991	1991-1995
K	593	820	837	+38.2%	+2.0%
1	671	808	834	+20.4%	+3.2%
2	653	738	880	+13.0%	+19.2%
3	700	677	783	-3.2%	+15.7%
4	818	705	768	-13.8%	+8.9%
5	934	689	702	-26.2%	+1.9%
6	929	688	712	-25.9%	+3.5%
7	941	690	757	-26.6%	+9.7%
8	946	686	757	-27.4%	+10.3%
9	972	620	728	-36.2%	+17.4%
10	980	699	717	-28.6%	+2.6%
11	1,028	688	673	-33.0%	-2.2%
12	894	640	533	-28.4%	-16.7%
Continuation	273	114	145	-58.2%	+27.2%
SDC	314	260	269	-17.1%	+3.5%
Total	11,646	9,522	10,095	-18.2%	+6.0%

SDC = Special Day Class

Source: Santa Monica-Malibu Unified School District, Tenth Month Enrollment Summary, 6/23/95.

The 1995 Tenant Survey documents that children under the age of 18 are present in only about 17 percent of rent-controlled apartments, although this varies somewhat by geography. The lowest incidence of controlled units with children present is found north of Wilshire (10%), and south of Pico (15%), compared to 27% of units with children in the Downtown/Mid-City area (refer to **Figure I-1** in Introduction for map of survey subareas). A senior (age 62 and older) is present in about one in six controlled units (17%), with apartment units North of Wilshire characterized by a much higher proportion of seniors (26%), compared with 11 percent in the two survey areas south of Wilshire.

3. Race and Ethnicity

As illustrated in **Table II-4**, the majority of the residents of Santa Monica in 1990 were non-Hispanic White persons (75.2%), although the number of minority persons increased somewhat between 1980 and 1990. Based on 1990 Census data, in three census tracts (7017.02, 7018.01, and 7018.02), over 30 percent of the residents were minorities (see **Figure II-3**). These census tracts encompass the area commonly known as the Pico neighborhood. In tracts 7018.01 and 7018.02, the "minorities" were in fact the majority, with over 50 percent of the tract's population comprised of non-White persons.

Of the City's total 44,860 households in 1990, 37,067 (82.6 percent) were White households, 3,909 (8.7 percent) were Hispanic households, 2,172 (4.8 percent) were Asian households, 1,543 (3.4 percent) were Black households, and 169 (0.4 percent) were Native American and other households. Among these Hispanic households, approximately 18.6 percent were homeowners and 81.4 percent were renters. In comparison, 28.4 percent of the White households were owners and 71.6 percent were renters. Asian households in Santa Monica had the highest proportion of owners - 37.5 percent of Asian households were owners and 62.5 percent were renters. In contrast, Black households had the lowest homeownership rate in Santa Monica - 15 percent owners and 85 percent renters.

Information from the Santa Monica-Malibu Unified School District contained in **Table II-5** indicates that minority enrollment in public schools is greater than the general population. In 1990, minorities represented nearly 46 percent of the student population but only about 25 percent of the general population. However, minority student population in the District has decreased slightly since 1990. In Fall of 1995, minority students constituted 44 percent of the total student population in the District.

**TABLE II-4
RACE AND ETHNICITY**

Race/Ethnicity	1980		1990	
	Number	Percent	Number	Percent
Not of Hispanic Origin				
White	68,435	77.5%	65,337	75.2%
Asian	3,783	4.3%	5,364	6.2%
African-American	3,492	4.0%	3,830	4.4%
Native-American	396	0.4%	433	0.5%
Other	723	0.8%	99	0.1%
Hispanic Origin	11,485	13.0%	11,842	13.6%
Total	88,314	100.0%	86,905	100.0%

Source: 1980 and 1990 U.S. Census.

**TABLE II-5
SCHOOL ENROLLMENT BY RACE**

Race	Fall 1990		Fall 1995	
	Number	Percent	Number	Percent
Non-Hispanic White	5,028	54.2%	5,980	56.5%
Hispanic	2,629	28.3%	2,930	27.7%
Non-Hispanic Black	876	9.4%	921	8.9%
Asian	670	7.2%	675	6.4%
Filipino	36	0.4%	28	0.3%
Native American	28	0.3%	34	0.3%
Pacific Islander	22	0.2%	22	0.2%
Total	9,289	100.0%	10,590	100.0%

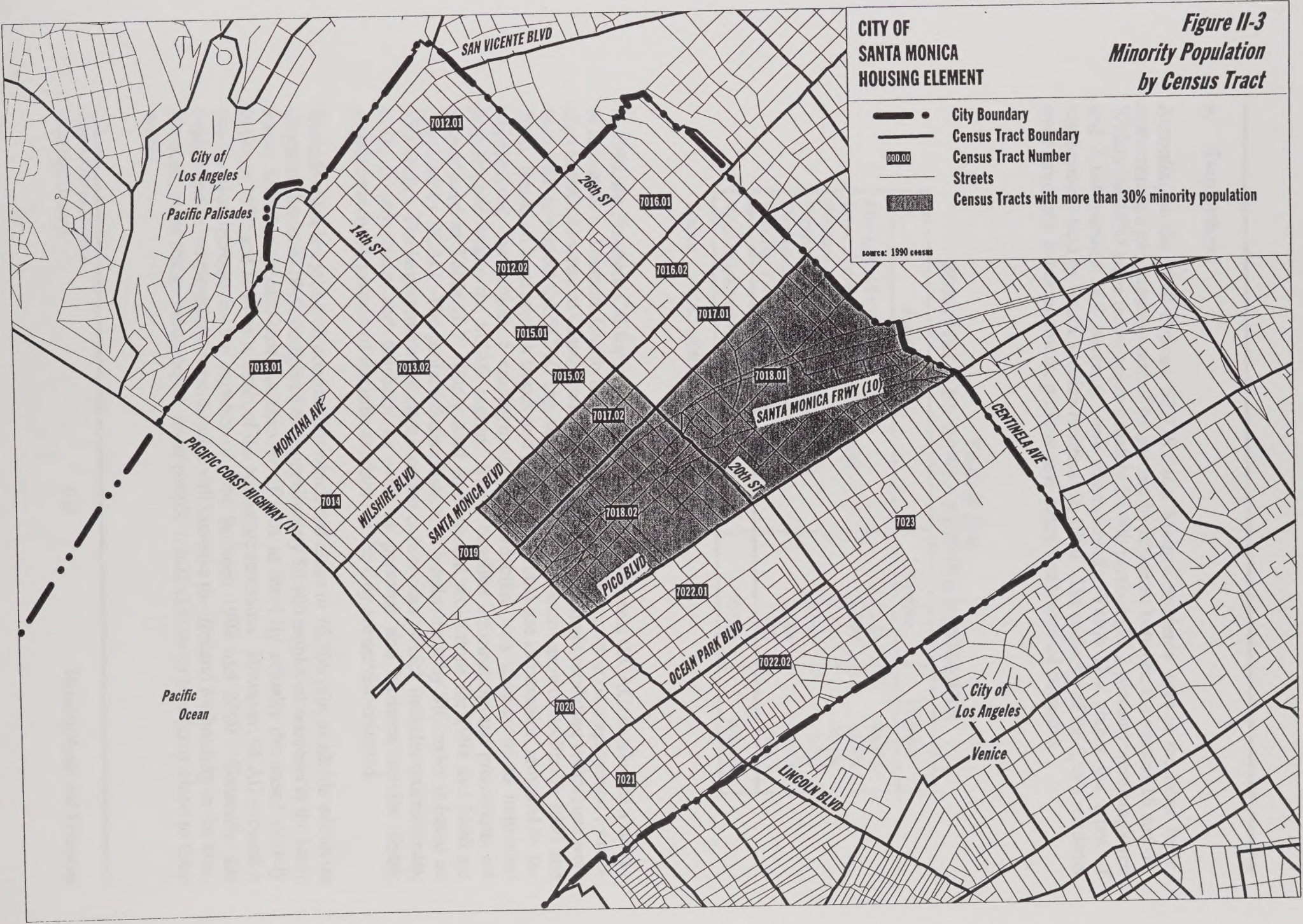
Source: Santa Monica-Malibu Unified School District, 1996.

Figure II-3
Minority Population
by Census Tract

**CITY OF
 SANTA MONICA
 HOUSING ELEMENT**

- City Boundary
- Census Tract Boundary
- 000.00 Census Tract Number
- Streets
- Census Tracts with more than 30% minority population

SOURCE: 1990 CENSUS



4. Employment

According to the 1990 Census, 52,928 Santa Monica residents were in the labor force, representing a participation rate of 69 percent by residents between the ages of 16 and 64. Within the 1990 labor force, approximately 50,400 persons (95.2 percent) were employed and 2,548 persons (4.8 percent) were unemployed. **Table II-6** shows the types of employment held by Santa Monica residents in 1990. The majority of the City's residents were employed in management, professional, sales, and technical positions.

**TABLE II-6
JOBS HELD BY SANTA MONICA RESIDENTS**

Job Category	Number	Percent
Managerial/Professional	23,480	46.6%
Sales, Technical, & Admin (Support)	16,070	31.9%
Service Occupations	5,109	10.1%
Precision, Production, Craft, & Repair	2,665	5.3%
Operators, Fabricators, & Laborers	2,606	5.2%
Farming, Forestry, & Fishing	445	0.9%
Total Employed Persons (16 Years & Over)	50,375	100.0%

Source: U.S. 1990 Census.

In 1990, the Southern California Association of Governments (SCAG) conducted a survey of industries in Southern California to develop baseline information on employment by two-digit Standard Industrial Classification (SIC) codes. Shift-Share modeling techniques were then used to project the SCAG region's share of employment growth/decline in 1994 and 2000. Based on local growth trends and general plan land use information provided by the jurisdictions, the projected employment growth/decline was distributed to individual jurisdictions within the SCAG region. These baseline information and projections are summarized in **Table II-7**. (Only total employment projections for 1994 and 2000 are provided by SCAG. The projected distribution of employment by SIC codes is based on 1990 data.) The largest industrial classification is "Services" which includes professionals, such as physicians and teachers, as well as personal and business service firms; approximately 48 percent of the jobs available in the City are service-oriented.

Santa Monica is a jobs-rich community which had close to 76,500 jobs available within its corporate limits in 1990, compared to approximately 50,400 employed residents in the labor force. SCAG estimates that the number of jobs in the City actually decreased slightly between 1990 and 1994 as a result of the economic recession. However, SCAG projects a ten percent increase in the number of jobs between 1994 and 2000. Generally, the availability of employment opportunities will increase the demand for housing in the area, because, other things being equal, most people would choose to live fairly close to their work.

TABLE II-7
ESTIMATES OF EMPLOYMENT OPPORTUNITIES
IN SANTA MONICA

Industry	1990 ¹		1994	2000
	No. of Jobs	% of Total		
Agriculture	143	0.2%	142	157
Mining ²	103	0.1%	103	113
Construction	2,074	2.7%	2,065	2,271
Manufacturing	6,552	8.6%	6,524	7,175
Communication/Utilities	1,496	2.0%	1,490	1,638
Wholesale Trade	2,821	3.7%	2,809	3,089
Retail Trade	16,043	21.0%	15,974	17,568
Finance, Insurance, Real Estate	7,402	9.7%	7,370	8,105
Services	36,573	47.8%	36,415	40,049
Public Administration	3,290	4.3%	3,276	3,603
Total	76,497	100.0%	76,167	83,767

Notes:

1. The 1990 distribution of employment by industry group is held constant for 1994 and 2000 projections.
2. Includes corporate offices for mining and gas company operations.

Source: Southern California Association of Governments (SCAG), August 1995.

B. HOUSEHOLDS

1. Household Composition and Size

Although the characteristics of individuals are important to defining housing needs, the characteristics of households are also important. A household is defined as all the people occupying a dwelling unit, whether or not they are related. A single person living in an apartment is a household, just as a couple with two children is considered a household. **Table II-8** shows the changes in household composition in Santa Monica between 1980 and 1990. There has been an increase in the number of households, but the average household size has decreased.

Group quarters include people living in institutions, such as nursing homes, college dormitories, and jails. The increase in persons in group quarters since 1980 reflects increases in both specialized nursing facilities and emergency shelters for the homeless.

According to the 1990 Census, average household size in Santa Monica was 1.88, significantly lower than the Countywide average of 2.82. In part, this is reflective of the higher than average percentage of elderly persons in the City. It is also reflective of Santa Monica's lower rents enabling persons to live alone or in smaller households. (Rent levels

in Santa Monica are discussed in Section II-C, Subsection 6 of this 1998-2003 Housing Element Update.)

The 1995 Tenant Survey documents a smaller than average household size among rent controlled apartments in the City. About half (51%) of these households consist of only one person, and 82 percent have no more than two persons. The incidence of small households with two or fewer persons is somewhat higher north of Wilshire Boulevard (87%) and south of Pico (82%), than in the Downtown/Mid-City area (74%).

**TABLE II-8
HOUSEHOLD CHARACTERISTICS**

Household Type	1980		1990	
	Number	Percent	Number	Percent
Total Population	88,314		86,905	
In Group Quarters	1,743	2.0%	2,570	3.0%
Total Households	43,912		44,860	
Families	19,547	44.5%	18,094	40.3%
All Single Households	19,609	44.7%	22,247	49.6%
<i>Elderly Single Households</i>	5,240	11.9%	5,593	12.5%
Other Households	4,756	10.8%	4,519	10.1%
Average Household Size	1.97		1.88	

Note: A family is a household with more than one person related by birth, marriage, or adoption. A non-family household is a household with one person either living alone (single household) or with non-relatives only (other household). An elderly single household is an elderly person age 65 or over living alone.

Source: 1980 and 1990 U.S. Census.

2. Overcrowding

The federal government defines an overcrowded household as one having more than one person per room. Such overcrowding is hard on the housing (it wears out sooner) and undesirable for the people who live in such conditions. In 1990, there were 2,414 households, or 5.4 percent of the total households, that were considered overcrowded. This represents an increase from 1980, when 2,124 households or 4.8 percent were overcrowded. However, in comparison to all of Los Angeles County where over 19 percent of all households are overcrowded, household overcrowding is relatively low in Santa Monica.

Household overcrowding is slightly more prevalent among renter households in the City, with 6.3 percent documented as overcrowded in 1990, and 27 percent of these severely overcrowded (more than 1.5 persons per room). Similarly, the 1995 Tenant Survey identifies 5.8 percent of the City's rent-controlled apartments as overcrowded, but with half of these units qualifying as severely overcrowded. However, this may under-represent the actual

level of overcrowding as persons may be reluctant to divulge the total number of individuals residing in a unit. The 1995 Tenant Survey documents a significantly higher rate of overcrowding among large households (5 or more members), households with children, and Hispanic households than among other groups.

Related to the household size by subarea, overcrowding in rent-controlled units is the lowest at 1.6 percent in the North of Wilshire area and the highest at 11.2 percent in the Downtown/Mid-City area. More than half of the overcrowded rent-controlled units in the Downtown/Mid-City area are considered severely overcrowded. Approximately 5.1 percent of the rent-controlled units in the South of Pico area are overcrowded.

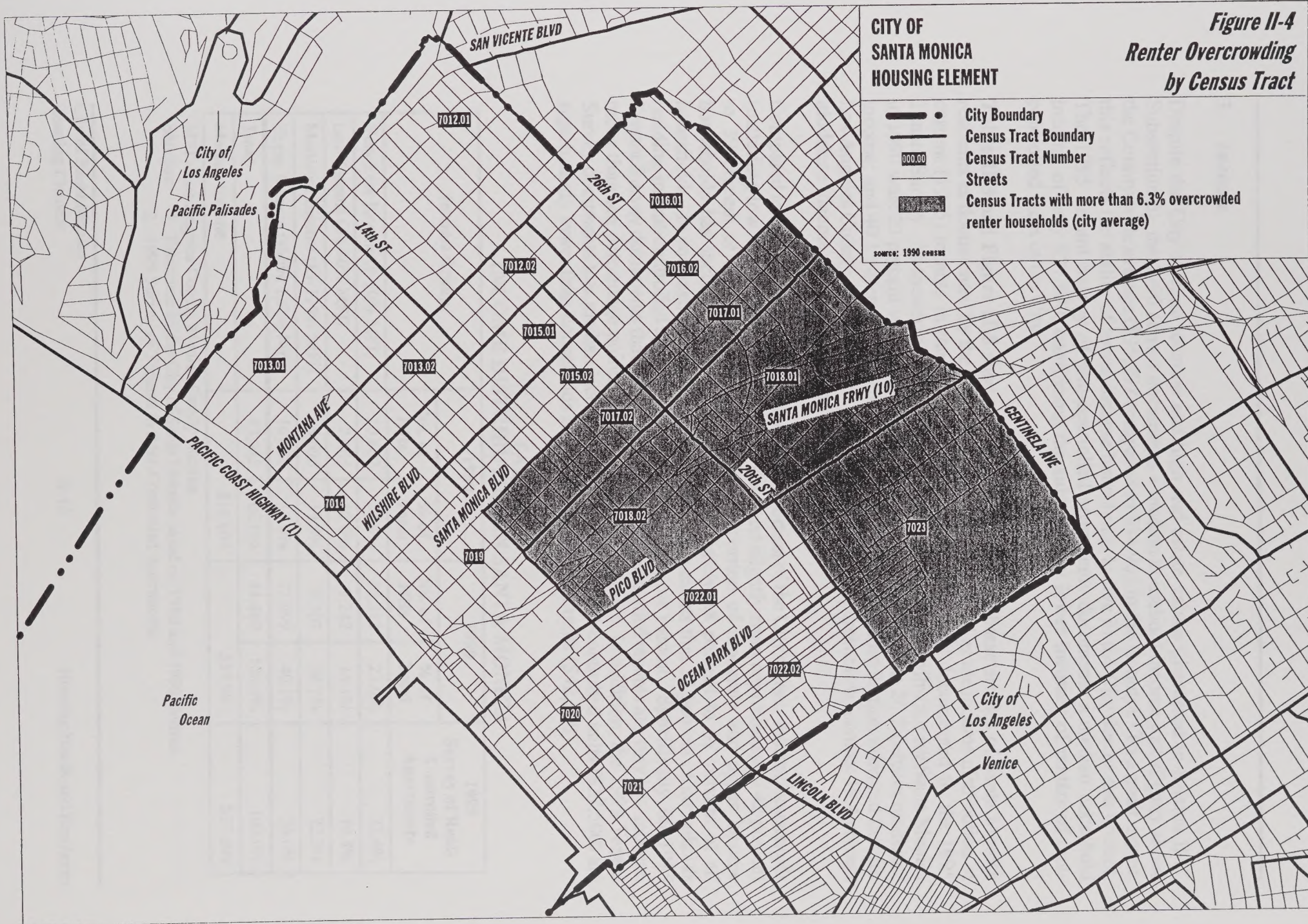
Overcrowding occurs when there is insufficient supply of housing of the right size and the right price to accommodate the larger households in the City. In 1990, there were 1,837 large households in the City (that is, households with five or more members). While this represents a decline from 2,052 large households documented in 1980, the number and proportion of overcrowded households actually increased between 1980 and 1990. **Figure II-4** illustrates Census tracts where renter overcrowding exceeds the City average of 6.3 percent. As shown in Figure II-4, five Census tracts in the City had over 6.3 percent of overcrowded renter-households in 1990. These are: 7017.01 (6.4%); 7017.02 (12.3%); 7018.01 (24.6%); 7018.02 (23.8%); and 7023 (6.5%). Since the two Census tracts (7018.01 and 7018.02) with the highest levels of renter overcrowding are also areas with the lowest median income in 1990, it is likely that the crowding is due to the inability of the households to afford an adequately sized unit. That is, the City lacks an adequate supply of low cost housing for larger households.

Figure II-4
Renter Overcrowding
by Census Tract

**CITY OF
 SANTA MONICA
 HOUSING ELEMENT**

-  City Boundary
-  Census Tract Boundary
-  Census Tract Number
-  Streets
-  Census Tracts with more than 6.3% overcrowded renter households (city average)

source: 1990 census



3. Income

Despite the City's prime location and high real estate values (discussed in Section II-C, Subsection 6), the 1990 census documents a median household income just slightly above the County-wide average (\$35,997 compared to \$34,965 in the County). To a great extent, this reflects the ability of lower-income households to live in the City due to rent control. The 1995 Tenant Survey of rent-controlled apartments documents a median household income of only \$27,500, confirming the substantially lower incomes of renters of rent-controlled units in the City.

Table II-9 and **Figure II-5** show the household income characteristics of Santa Monica residents as documented by the 1980 and 1990 Census, as well as the income distribution of current (1995) tenants in the City's rent-controlled housing as documented by the 1995 Tenant Survey. As shown in Table II-9, the household income distribution for Santa Monica in 1990 was: 23 percent very low income; 16.1 percent low income; 20.7 percent moderate income; and 40.1 percent upper income. The City's income distribution mirrored that for Los Angeles County, at: 25 percent very low income; 16.3 percent low income; 19.4 percent moderate income; and 39.3 percent upper income.

Compared to 1980, the table shows that the proportion of the City's lower income households (including low and very low) in 1990 has declined slightly from approximately 42 percent to 39 percent of all households, while the proportion of moderate and upper income households has increased slightly from approximately 58 percent to 61 percent of all households. In contrast, the 1995 Tenant Survey documents that 53 percent of households residing in rent-controlled apartments are very low and low income. Specifically, the 1995 Tenant Survey documents that 33 percent of the rent-controlled tenants are very low income, more than ten percentage points above the Census estimate. In addition, the 1995 Tenant Survey documents that median incomes of households in rent-controlled units (\$27,500) are significantly lower than households in uncontrolled rental units (\$42,500).

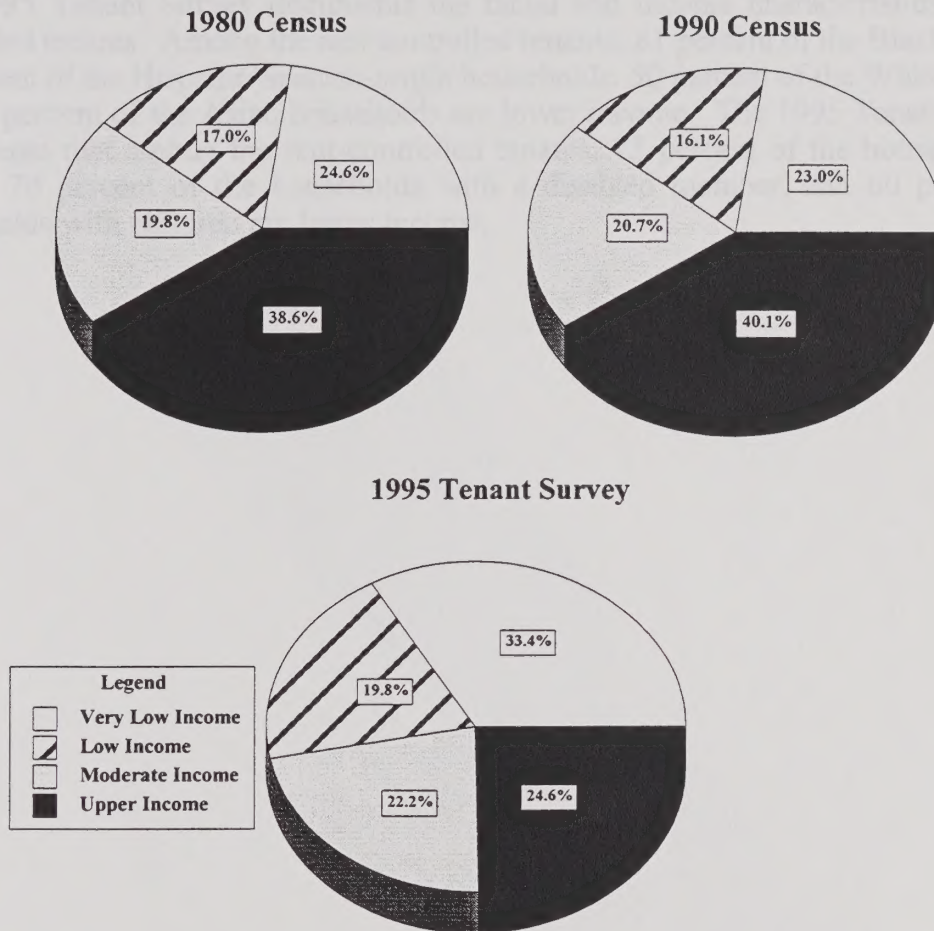
TABLE II-9
INCOME DISTRIBUTION IN SANTA MONICA

Income Group	1980		1990		1995 Survey of Rent- Controlled Apartments
	No. of HHs	% of Total	No. of HHs	% of Total	
Very Low Income (0-50% MFI)	10,802	24.6%	10,312	23.0%	33.4%
Low Income (51-80% MFI)	7,465	17.0%	7,242	16.1%	19.8%
Moderate Income (81-120% MFI)	8,695	19.8%	9,307	20.7%	22.2%
Upper Income (above 120% MFI)	16,950	38.6%	17,999	40.1%	24.6%
Total	43,912	100.0%	44,860	100.0%	100.0%
Median Income	\$16,604		\$35,997		\$27,500

MFI - Los Angeles County Median Family Income

- Sources: 1. Estimated by the City of Santa Monica based on 1980 and 1990 Census.
2. 1995 Survey of Tenants in Rent-Controlled Apartments.

**FIGURE II-5
CITY OF SANTA MONICA INCOME DISTRIBUTION**

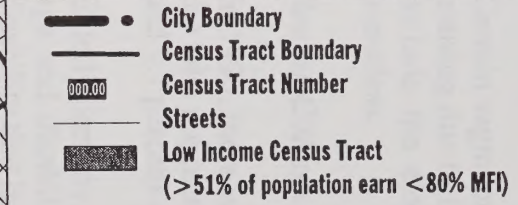


The 1990 Census shows substantial disparities in income by race and ethnicity. For example, the average household income by race (including persons of Hispanic origin) was \$62,339 for Asian/Pacific Islanders, \$57,307 for Whites, \$35,626 for "other" households, \$35,178 for Native Americans, and \$33,061 for Blacks. For persons of Hispanic origin, average household income was \$38,579. The 1990 Census also reveals that 2,148 of all households were receiving public assistance income, representing 4.7 percent of all households. This percentage represents a decline since 1980, when 6.1 percent of families and 6.3 percent of individuals were receiving public assistance. It is unknown whether this decrease reflects funding reductions and regulation changes or an actual decline in the number of households needing assistance.

Figure II-6 illustrates the concentration of lower income population in the City based on the 1990 Census data. As shown in Figure II-6, three Census tracts in the City had over 51 percent of its population earning no more than 80 percent of the County's Median Family Income (i.e. lower incomes). Two of these tracts (7018.01 and 7018.02) are also areas with high concentrations of minority households and overcrowded renters.

The 1995 Tenant Survey documents the racial and income characteristics of the rent-controlled tenants. Among the rent-controlled tenants, 81 percent of the Black households, 74 percent of the Hispanic/Spanish-origin households, 50 percent of the White households, and 40 percent of the Asian households are lower income. The 1995 Tenant Survey also documents that among the rent-controlled tenants, 73 percent of the households with a senior, 70 percent of the households with a disabled member, and 60 percent of the households with children are lower income.

**CITY OF
SANTA MONICA
HOUSING ELEMENT**



4. Special Needs Groups

Certain segments of the population may have more difficulty in finding decent, affordable housing due to their special circumstances. In Santa Monica, these "special needs" groups include the elderly, disabled persons, large families, female-headed families, and the homeless.

Senior Citizens and the Frail Elderly

In 1990, there were 14,351 elderly residents in Santa Monica, representing 16.5 percent of the total population. In comparison, only 10 percent of the City of Los Angeles' population and 9.7 percent of the County of Los Angeles' population were comprised of elderly persons.

Elderly persons are likely to have special housing needs due to the high correlation between age and disability status. In 1990, 53.7 percent of Santa Monica residents reporting a disability that limited their ability to perform certain types of work or housework were over age 65.

According to the 1990 Census, 9,572 households (21.3 percent of total households) in Santa Monica were headed by persons over age 65. Two-thirds (64.1 percent) of these senior households were renters and only one-third (35.9 percent) owned their own homes. Most people over age 65 are retired and, therefore, have fixed retirement incomes (social security, pension, etc.). They cannot afford large increases in rent or make major repairs when needed. In 1990, senior households represented 27 percent of the total households with incomes below the poverty level in Santa Monica.

The 1995 Tenant Survey documents 17 percent of the City's rent-controlled apartments as occupied by seniors age 62 and older.² Of these senior tenant households, 73 percent were categorized as lower income, with 61 percent earning very low incomes, 12 percent earning low incomes, and an additional 22 percent categorized as moderate income.

Persons with Disabilities

Detailed statistics on the incidence and types of disabilities occurring in the population are not generally available. While the U.S. Census tabulates disability status of the population, the data does not separate persons with physical disabilities, which may require modified housing, from other disabilities (such as mental illness, etc.).

Based on the 1990 census data shown in **Table II-10**, approximately eight percent of the working age population in Santa Monica (ages 16 to 64) had work, mobility, and/or self-care limitations. Of the residents over age 64, more than one-third (37 percent) reported they had work, mobility, and/or self-care disabilities. These people may need special housing with

² The 1995 Tenant Survey does not include non-rent controlled housing, public housing, federally subsidized rentals or non-profit owned rentals. As a significant portion of the City's assisted housing stock is targeted to senior households, the survey likely under-represents the actual proportion of senior renter households.

ramps, elevators for units with two or more stories, and modified bathrooms, kitchens, and doorways.

TABLE II-10
DISABILITY STATUS OF NONINSTITUTIONAL PERSONS
1990

Age and Disability Status	Number	Percent
Persons 16-64 Years Old	62,160	
With only a work disability	2,700	4.3%
With only a mobility/self-care limitation	1,316	2.1%
With both work and mobility/self-care limitations	949	1.5%
Persons 65 Years and Over	8,089	
With only a work disability	1,266	15.7%
With only a mobility/self-care limitation	341	4.2%
With both work and mobility/self-care limitations	1,350	16.7%
Total Persons, 16 Years and Over	70,249	
With only a work disability	3,966	5.6%
With only a mobility/self-care limitation	1,657	2.4%
With both work and mobility/self-care limitations	2,299	3.3%

Source: 1990 U.S. Census

The 1995 Tenant Survey documents that 4.8 percent of the City's rent-controlled apartments include one or more disabled residents. However, this may under-represent the actual magnitude of disabled renters as the survey excludes all publicly assisted housing, a significant segment of which is targeted to disabled persons. Of these disabled households residing in rent-controlled housing, 70 percent earn very low incomes, and 70 percent overpay for housing.

The Federal Americans with Disabilities Act (ADA) and amendments to the Fair Housing Act, as well as state law, require all new multi-family construction to be accessible to persons with disabilities. However, units built prior to 1989 are rarely accessible to persons with disabilities. Furthermore, not all new construction may have the range of modifications needed by specific individuals. It is expensive and not always possible to modify a unit after it is completed. Older units, particularly older multi-family structures, are very expensive to retrofit for disabled occupants because space is rarely available for elevator shafts, ramps, widened doorways, etc. In addition to changes to the units, the site itself may need modification to widen walkways and gates and install ramps instead of steps. The 1995 Tenant Survey indicates that 38 percent of the rent-control tenant households with a disabled member do not consider their units to contain adequate accessibility modifications to meet their needs.

To alleviate some of these problems, the City funds the Westside Center for Independent Living (WCIL) to provide home accessibility modifications (i.e. grab bars, ramps, accessible hardware, etc.). In addition, the City's rehabilitation assistance provides grants which can be used to fund alterations to make units accessible to low income residents with disabilities.

Large Households

The 1990 Census indicated a total of 1,837 large households (with five or more members) in Santa Monica, representing only four percent of the City's total households. Among these, 47 percent (867) were owner-households and 53 percent (970) were renter-households. The City's Consolidated Plan further documents that of the City's 970 large, renter households, over 40 percent were very low income (50% of County MFI). While the housing needs of this *very low income* group are most severe, moderate income households also face significant housing problems. The Consolidated Plan documents that 92 percent of the large, renter households earning up to 95 percent of the County MFI experienced one or more of the following housing problems: housing over payment; overcrowding; and/or substandard housing.

The 1995 Tenant Survey documents a lower incidence of large households in the City's rent controlled apartments than recorded by the 1990 Census. Only two percent of these households have five or more members, compared to the Census' reported four percent. However, the Downtown/Mid-City area exhibits a comparatively greater concentration of large households at 4.7 percent.

Large households are identified as a group with special needs based on the limited availability of adequately sized, affordable housing units. It is not uncommon for large households to have lower incomes. In order to save on housing costs, large, lower-income households may tend to reside in smaller units, frequently resulting in overcrowded living conditions.

As previously mentioned, there were 2,414 overcrowded households in the City in 1990. Renters were disproportionately represented in this group, with approximately 85 percent of these overcrowded households being renters.

Female-Headed Households

Single-parent households are likely to have special needs for housing near day care and recreation facilities and with access to public transportation. Households with a female head are especially likely to need assistance because women continue to earn less on average than men in comparable jobs. In 1990, 5,678 households living in Santa Monica were headed by women, or 12.7 percent of the total households. Approximately 62 percent of these (3,542 households) included children.

The 1990 Census found that 15.5 percent of the City's female-headed families were living below the poverty level, compared to 5.7 percent of all families living below the poverty level Citywide. Among female-headed households with children, 24.6 percent are documented as earning incomes that fall below the level of poverty.

Homeless

One of the most tragic continuing trends is the phenomenal increase in homelessness, in Southern California just as in the rest of the United States. The needs of homeless families and individuals are as varied as the reasons for their homelessness; the only common denominator is their need for housing and support services. A small municipal government in a major metropolitan region cannot implement adequate local solutions to eliminate homelessness.

In response to the growing problem in Santa Monica, in 1991, the City Council appointed a Community Task Force on Homelessness to formulate recommendations on immediate and long-term action for the City to better respond to the growing crisis. The Task Force was asked to come up with a balanced approach which would consider the need for assistance and services for homeless people, public safety for all people in Santa Monica, and advocacy to urge the county, state, and federal governments to solve this growing crisis. The City continues to implement the recommendations established in the Task Force on Homelessness report, *A Call to Action*.

In Santa Monica, efforts to help the homeless have been led by local nonprofit and charitable organizations funded to a large degree by the City. While the City continues to advocate for the county, state, and federal governments to create the policies and funding required to end homelessness in the United States, it is equally important that municipalities such as Santa Monica play an active role in locally managing this crisis.

Homeless Demographics and Projections: Santa Monica has a significant homeless population. However, the exact number of homeless persons in Santa Monica and the West Los Angeles area is not known. The best estimate available to Santa Monica is from a study conducted by the Rand Corporation in 1991. This study estimates that on any given night in parts of Santa Monica and the West Los Angeles area, there are approximately 1,400 homeless persons. The Rand study, *Enumerating Homeless People* (Koegel et al., *Evaluation Review*), indicates that characteristics of the homeless population on the Westside differ significantly from that of skid row and downtown Los Angeles areas. On the Westside, there is a significantly higher percentage of persons who have mental illness (41% vs. 26%), and a greater percentage of women (31% vs. 12%). Westside figures for those who have substance abuse issues are comparable to numbers seen in skid row and downtown Los Angeles areas (over 50%).

There are other estimates ranging from 686 to 3,600 homeless individuals in Santa Monica and West Los Angeles on any given night pointing to the extreme difficulty in accurately enumerating this population. The 1990 Census reported 318 people in shelters and 368 visible in street locations, or a total of 686 homeless persons in Santa Monica. Although the County of Los Angeles cooperated with the U.S. Census Bureau, it is widely acknowledged that the methodology utilized was highly ineffective in systematically identifying and comprehensively quantifying the numbers of homeless persons in the City and County, resulting in a substantial undercount. The second figure of 3,600 comes from the Los Angeles Homeless Services Authority (LAHSA) and Shelter Partnership, Inc. These numbers are based on 1994 data from the State of California and the County of Los Angeles

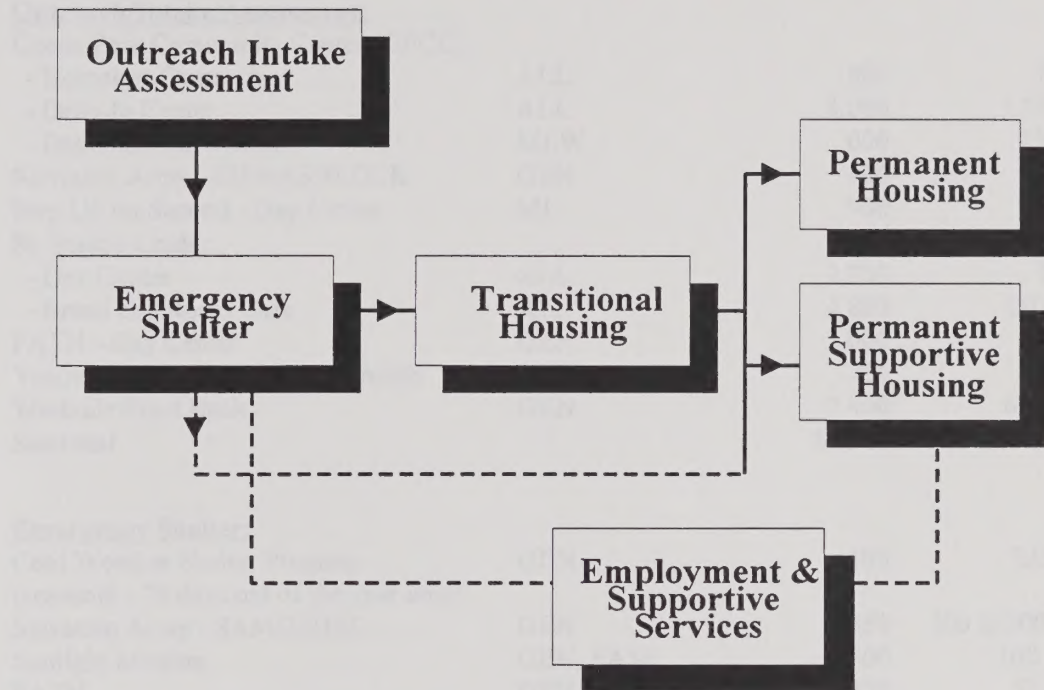
for individuals and families receiving General Relief (GR) and Aid to Families with Dependent Children (AFDC) and do not include many homeless persons who are ineligible for or do not seek public assistance. This figure also includes individuals and families that live in motels and overcrowded apartments who are at extreme risk of becoming homeless. According to LAHSA and Shelter Partnership, homeless families account for approximately 16% of the Westside's homeless population and unaccompanied youth account for 10%.

The number of homeless people nationwide is expected to continue to increase over the next several years due to a variety of reasons including decreases in public assistance, escalating costs for housing, childcare, health care and other assistance, and the lack of a livable wage. In Southern California, this nationwide trend is compounded by the loss of a large number of housing units from the 1994 Northridge earthquake and by the fact that housing in Southern California is among the most expensive housing in the nation.

Inventory of Existing Services: The City of Santa Monica supports a comprehensive policy for homeless services that promotes a continuum of care approach. This approach is predicated on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying, unmet needs - physical, economic, and social. Therefore a comprehensive system of services, as well as permanent housing, is necessary to help homeless individuals and families reach independence. This system strives to fulfill these requirements with five fundamental components: 1) Outreach, Intake and Assessment; 2) Emergency Shelter; 3) Transitional Housing; 4) Permanent Housing (including supportive housing); and 5) Case Management and Supportive Services (including aftercare and employment).

Figure II-7 on the following page depicts the continuum of care model supported by the City. Each component is critical to the success of the overall goal to secure and maintain permanent housing. Table II-11 provides an overview of the existing facilities and services offered on the Westside that assist homeless individuals and families indicating the target population, the total number of persons to be served annually, and the unit of service provided (i.e. beds, housing units, meals). The total number of persons served annually may reflect some duplication. For example, in any given year, an individual may seek emergency shelter at more than one facility. A computer system for the Coordinated Case Management Program tracks and measures the total number of unduplicated individuals who receive services on an annual basis. For temporary and permanent housing programs, the total number of beds or housing units indicate how many persons can be served on a daily basis. The number of meals provided on a daily basis is also provided for those programs that have a food provision component as part of their service delivery.

FIGURE II-7
HOMELESS CONTINUUM OF CARE



**TABLE II-11
INVENTORY OF HOMELESS SERVICES (FY 1996-97)**

AGENCY/PROGRAM	TARGET POPULATION	NUMBER SERVED	UNIT
<u>Outreach/Intake/Assessment:</u>			
Ocean Park Community Center (OPCC)			
- Homeless Outreach	ALL	800	NA
- Drop-In Center	ALL	4,000	135 M
- Daybreak Day Center	MI,W	600	35 M
Salvation Army - SHWASHLOCK	GEN	400	NA
Step Up on Second - Day Center	MI	900	50 M
St. Joseph Center			
- Day Center	ALL	2,250	NA
- Bread and Roses Cafe	ALL	4,800	180 M
PATH - Day Center	GEN	3,000	NA
Veteran's Administration - Outreach	VET	750	NA
Westside Food Bank	GEN	7,400	605 M
Subtotal		24,900	1005 M
<u>Emergency Shelter:</u>			
Cold Weather Shelter Program	GEN	500	325 B
(seasonal - 70 days out of the year only)			
Salvation Army - SAMOSHEL	GEN	850	100 B/200 M
Sunlight Mission	GEN, FAM	300	100 B*
PATH	GEN	350	32 B*
LIEU CAP	FAM, W	350	30 B*
CLARE	SA	100	24 B*
Bible Tabernacle	FAM	264	44 B*
Sojourn Center for Battered Women	W	375	16 B/36 M
Subtotal		3,089	671 B/236 M
<u>Transitional Housing:</u>			
CLARE	SA	300	136 B*
Jump Street	MI	75	6 B*
LIEU CAP	W	75	44 B*
New Directions	VET	24	16 B*
Ocean Park Community Center			
- Turning Point	GEN	300	55 B/110 M
- Daybreak Shelter	MI,W	60	15 B/30 M
Upward Bound	FAM	15	9 B*
Subtotal		849	280 B/140 M

B - Beds, M - Meals, U - Housing Units

* Although Meals are provided daily - the total number is not available

TABLE II-11 (Continued)
INVENTORY OF HOMELESS SERVICES (FY 1996-97)

AGENCY/PROGRAM	TARGET POPULATION	NUMBER SERVED	UNIT
<u>Permanent and Supportive Housing:</u>			
Community Corporation of SM			
- SRO and multi-family housing	GEN	1,250	456 U
Santa Monica Housing Authority*			
- Shelter Plus Care (S+C)	MI, SA, DD	100	100 U
St. Joseph Center - Section 8	GEN	59	59 U
Step Up on Second - SRO	MI	36	36 U
OPCC Adopt-a-Family	FAM	411	150 U
Subtotal		1,863	898 U
<u>Case Management/Employment/ Supportive Services:</u>			
Chrysalis - Employment	GE	375	NA
Coordinated Case Management Program (7 participating organizations)	ALL	1,200	NA
Didi Hirsch - Mental Health Services	MI	160	NA
St. Joseph Center - Employment	GEN	40	NA
St. Joseph - Money Management	ALL	160	NA
Santa Monica West - Mental Health	MI	800	NA
Step Up on Second - Employment	MI	100	NA
Venice Family Clinic - Health Services	ALL	2,380	NA
Veteran's Admin. - Support Services	VET	750	NA
Venice Family Clinic/SM AIDS Project	HIV	1,800	NA
Y. Burke Health Center	ALL	57	NA
Subtotal		7,822	

GEN - General Population Individuals, FAM - Families, W - Women Only or Women with Children,

Y - Youth, MI - Mentally Ill, SA - Substance Abuse, DD - Dual Diagnosis (Mentally Ill and Substance Abuse), HIV - Persons with HIV or AIDS, VET - Veterans, ALL - General and Special Needs Populations

B - Beds, U - Units, M - Meals

Source: City of Santa Monica, Human Services Division.

* Only homeless people are served through the Shelter Plus Care Program (S+C). Case Management for S+C is contracted with OPCC, St. Joseph's, Step Up on Second.

C. HOUSING STOCK

1. Housing Unit Type

Santa Monica contained 46,393 housing units in 1980 and 48,280 units in 1995 (see **Table II-12**). Between 1980 and 1990, the number of single-family and multi-family 2- to 4-unit residential developments increased while the number of multi-family units (5+ units) decreased. However, between 1990 and 1995, the housing trends in Santa Monica reversed; the number of single-family homes decreased slightly and the number of multi-family units increased by three percent. Most residential development in the City is a result of recycling existing development to higher densities within multi-family areas. Some multi-family units have been lost due to withdrawals permitted under the Ellis Act, a 1986 State law which prohibits cities from requiring property owners to maintain property as rental housing. Between 1986 and 1995, approximately 989 rental units were removed from the rental market through the Ellis process.

TABLE II-12
HOUSING UNIT TYPE: 1980, 1990, AND 1995

Unit Type	1980		1990		1995	
	Number	Percent	Number	Percent	Number	Percent
Single-Family (Detached & Attached)	10,131	21.8%	10,961	22.9%	10,948	22.7%
2 to 4 Units	5,318	11.5%	6,005	12.6%	6,018	12.5%
5+ Units	30,652	66.1%	29,979	62.8%	31,058	64.3%
Mobile Homes ³	292	0.6%	275	0.6%	256	0.5%
Other	----	---%	533	1.1%	---	---%
Total	46,393	100.0%	47,753	100.0%	48,280	100%

Source: 1980 and 1990 U.S. Census, 1995 Dept. Of Finance.

2. Tenure

According to the 1990 Census, 28 percent of the City's households own the unit they live in and the remaining 72 percent rent. In 1980, the breakdown was 22 percent owner-occupied and 78 percent renter-occupied. This is a much higher percentage of renters than in any other city in Los Angeles County. At least one-third of the households in other cities owned their homes, and the county-wide ownership average was 48 percent. For Santa Monica, the highest concentration of owner-occupied housing is located north of Wilshire Boulevard, and

³ The definition of mobile homes changed between the 1980 and 1990 Census. In the 1980 Census, boats, tents, and vans were counted as part of the inventory of mobile homes and trailers. In the 1990 Census, these units were categorized as "Other." The decrease in the number of mobile homes in 1990 could be explained by this change in definition.

the highest concentration of renters is located west of Lincoln Boulevard and along the Pico Boulevard Corridor.

A subcategory of rental housing includes Single Room Occupancy (SRO) hotels and boarding or rooming houses, which is generally the least expensive housing and frequently the only housing option available to the lowest income households. There are few remaining resources of this type in the City. Between 1980 and 1994, nine SRO hotels have been closed, removing a total of 327 rental units from the housing stock. As a means of addressing the need for low-cost SRO housing, the City has assisted in the development of two SRO projects, providing 80 SRO units affordable to very low income households.

3. Vacancy

The 1990 Census documents a vacancy rate of 2.77 percent in the for-sale housing stock and 2.35 percent in the rental stock in Santa Monica. In addition, 3.68 percent of all housing units in Santa Monica were vacant for other reasons, including for seasonal, recreational, or occasional use, and held vacant for janitors or caretakers.

There are other sources of post-census vacancy rate data available, including the Federal Home Loan Bank Survey, idle utility meters, and a survey of unoccupied units conducted by the Postal Service. Between February and August, 1991, the Federal Home Loan Bank System, under funding from the U.S. Department of Housing and Urban Development, conducted a survey of vacancies in the Los Angeles - Long Beach statistical area. The survey revealed that the vacancy rate among all housing types in Santa Monica was 2.2 percent. According to this 1991 survey, Santa Monica's vacancy rate is low. The survey also revealed differing vacancy rates among different housing types in the City. Among single-family detached and attached units the rates were 2.8 and 4.3 percent, respectively.⁴ The vacancy rate among multi-family units, the predominant housing type in the City, was the lowest at 1.7 percent.

However, each alternative data source had serious methodological weaknesses and thus, does not warrant their use in lieu of the Census estimates; therefore, the City relies on the Census data as the most reliable estimate of housing vacancies in the City.

⁴ The Census defines a single-family detached unit as one with open space on all sides. Such structures are considered detached even if they have an adjoining shed or garage. Mobile homes or trailers to which one or more permanent rooms have been added or built are also included. A single-family attached structure has one or more walls extending from ground to roof separating it from adjoining structures.

4. Age and Condition

Table II-13 and **Figure II-8** show the age of Santa Monica's housing stock. Housing growth in Santa Monica has slowed in the past two decades as the availability of land for new development becomes increasingly limited. As shown in the table, 21 percent of the City's housing stock as of March 1990 was constructed during the 1960s; only 8 percent of the City's 1990 housing stock was constructed in the 1980s.

The accepted standard for major housing rehabilitation needs is after 30 years. In 1990, approximately two-thirds of the City's housing stock was 30 years and older. This would indicate the need for continued maintenance and potential rehabilitation of a significant portion of the City's housing based on age alone. In addition, some of the older structures need to be retrofitted to address earthquake safety issues. The City has adopted a seismic safety ordinance which requires upgrading of unreinforced masonry structures (URMS) to withstand the maximum probable earthquake in the City.

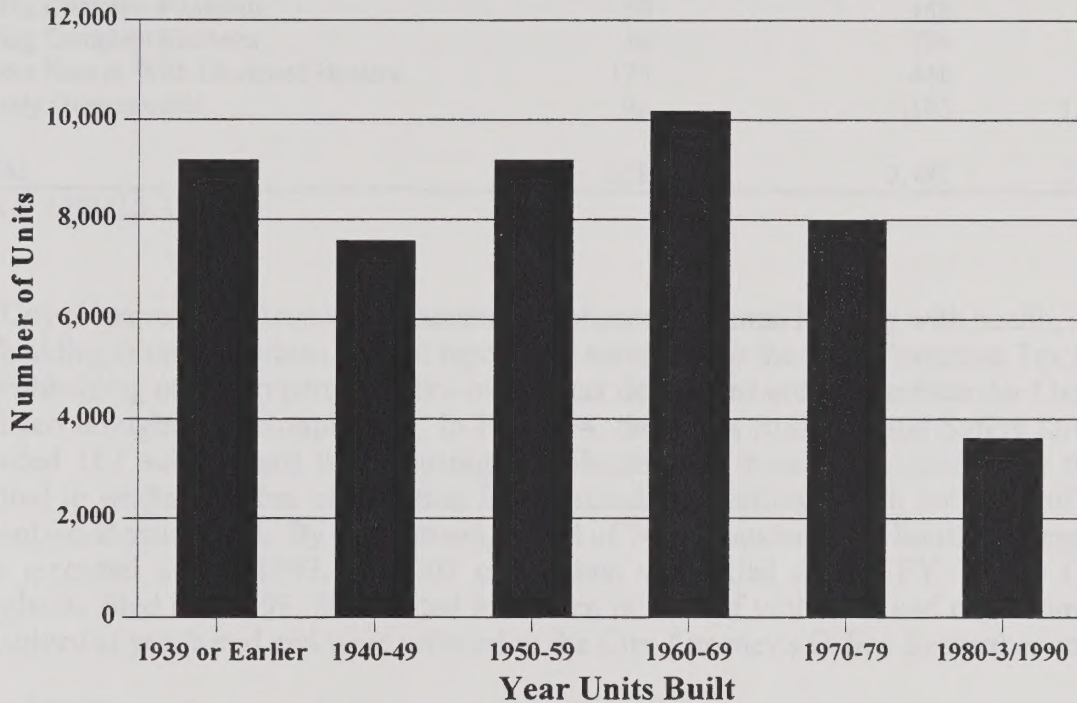
In addition to unreinforced masonry, certain other types of buildings are also vulnerable during earthquakes. These building types include soft/weak story structures, pre-1976 tilt-up concrete buildings, steel-frame buildings, and pre-cast/reinforced poured-in-place concrete/non-ductile buildings. In response, the City Council adopted Ordinance #1748 which requires the seismic retrofitting of these types of potentially hazardous structures. The impact of the 1994 Northridge Earthquake on the condition and affordability of the City's housing stock is analyzed in detail in the next section.

TABLE II-13
AGE OF HOUSING STOCK -1990

Year Unit Built	Number	Percent
1939 or Earlier	9,194	19.3%
1940 - 1949	7,582	15.9%
1950 - 1959	9,199	19.3%
1960 - 1969	10,179	21.3%
1970 - 1979	7,982	16.7%
1980 - March 1990	3,617	7.6%
Total	47,753	100.0%

Source: 1990 U.S. Census.

FIGURE II-8
AGE OF HOUSING STOCK - 1990



The City of Santa Monica has adopted the definition of substandard housing established in 24 CFR 882.219(f), expanded to include severely overcrowded units (greater than 1.51 persons per room) as substandard. In order to estimate the number of substandard units in the City, 1990 Census data regarding the number of units without complete plumbing, without complete kitchen facilities, with unvented heaters, or severely overcrowded units were used as indicators. **Table II-14** shows the number of units of each type by tenure. This is considered a conservative estimate of the number of substandard units because it does not include indicators of structural defects (leaking roofs; holes in the walls, floor, or ceiling; broken/missing windows; inadequate foundations; etc.).

TABLE II-14
HOUSING IN NEED OF REHABILITATION OR REPLACEMENT

Defect	Owner-Occupied	Renter-Occupied	Total
Lacking Complete Plumbing	50	148	198
Lacking Complete Kitchens	16	794	810
Without Heat or With Unvented Heaters	170	448	618
Severely Overcrowded	92	1,105	1,197
TOTAL	328	2,495	2,923

Source: 1990 U.S. Census

The City prepares annual reports documenting substandard rental housing with health, safety, and building codes violations. These reports are submitted to the State Franchise Tax Board for withholding of the property owner's income tax deductions until the substandard housing has been brought into compliance. In FY 1994, the City's Building and Safety Division recorded 107 substandard type housing complaints. Of these complaints, only twelve resulted in written notices of violation for substandard dwellings, with only one of these unresolved at year's end. By comparison, a total of 74 substandard type housing complaints were recorded in FY 1993, and 202 complaints were filed during FY 1995. Of the complaints filed in FY 95, 80 resulted in written notices of violation, and eight remained unresolved at year's end and were referred to the City Attorney's Office for further action.

The 1995 Tenant Survey asked respondents a series of questions related to the perceived quality and condition of their apartment building. In terms of the perceived quality of maintenance among the rent-controlled tenants, 23.9% of respondents felt their building was in excellent condition, 33% in good condition, 25.5% in fair condition, and 17.6% in poor condition. This pattern appears similar to that found in the City's 1987 tenant survey (60% rating maintenance very good or good), although the question in this prior survey applied to the respondent's apartment unit rather than to the building. (In comparison, the 1995 Tenant Survey documents that almost 64 percent of the tenants in non-controlled units felt their buildings are in excellent or good conditions.)

The 1995 Tenant Survey also asked questions related to the presence of major physical problems in the unit. Less than one in ten tenants reported they had been without a major system (e.g. water, heat or working toilet) for more than six hours in the past 90 days. Among the rent-controlled tenants, one-quarter reported holes in the walls or ceiling, but very few identified other major physical defects (4.9% identified unconcealed wiring, 3.4% identified signs of rats, and approximately two percent identified holes in floors). The most prevalent physical problems identified by the rent-controlled tenants were inadequate security in the building (62.3%) and inadequate security in the garage (67%).

5. Earthquake Damaged Housing

The City of Santa Monica experienced widespread damage as a result of the January 17, 1994 Northridge earthquake. As inspections of earthquake-damaged structures proceeded in the months following the Northridge Earthquake, the count of uninhabitable (red- and yellow-tagged) dwelling units was continually updated. At the end of January 1994, damage estimates reached as high as 3,100 red- and yellow-tagged units.

Of the red- and yellow-tagged units, counted as of February 10, 1994, approximately 220 multi-family rent-controlled residential buildings containing 2,257 units were deemed uninhabitable.⁵ This represented a temporary loss of almost five percent of the City's housing stock, approximately 90 percent of which was affordable to lower income households. In addition, there were an estimated 16,000 units in 1,500 buildings that sustained some damage but were green-tagged.

Since the earthquake, 338 multi-family units in 27 rent-controlled buildings were deemed damaged beyond repair and were demolished. Simultaneously, however, as of September 1, 1996, approximately 155 buildings (1,584 units) have become habitable (green-tagged) after being designated uninhabitable (yellow- or red-tagged).⁶ Of the properties that are still tagged, several major properties are in the process of being repaired. These figures attest to the success of earthquake recovery efforts in Santa Monica, with relatively limited unit demolitions and a significant number of units brought back on line. **Table II-15** summarizes the data described above. It should be noted that this data only pertains to the rent-controlled housing stock.

⁵ Some buildings were red and yellow tagged immediately following the earthquake but had already been changed to green tag status by February 10, 1994, and are therefore not included in these figures.

⁶ The change in tag status from red/yellow to green on some of the units was not a result of rehabilitation, but rather clarification of data on properties where only a portion of the units were uninhabitable, or clarification of the actual extent of damage.

**TABLE II-15
SUMMARY OF EARTHQUAKE-DAMAGED
RENT-CONTROLLED HOUSING STOCK**

	Number Properties	Number Units
Uninhabitable as of February 10, 1994	220	2,257
Demolished Through September 1, 1996	27	338 ¹
Change in Tag Status February 94 - September 1, 1996	155	1,584
Uninhabitable as of September 1, 1996	38	335 ²
Uninhabitable with No Permit Activity	10	24

Source: City of Santa Monica Rent Control Agency.

Notes:

1. Includes 178 units at the Sea Castle (1725 Ocean Front Walk).
2. Includes 120 units at Champagne Towers (1221 Ocean Ave.) which represent 36% of remaining uninhabitable units. Champagne Towers received a building permit for repairs in August 1996.

Earthquake-Related Recovery Activities

In order to facilitate earthquake recovery efforts, a comprehensive range of programs and procedures have been implemented by the City, its Redevelopment Agency, and the Rent Control Board. These include: adoption of an Earthquake Recovery Act Ordinance to streamline permitting procedures and provide additional incentives for rebuilding; implementation of a Multifamily Earthquake Repair Loan Program (MERL); adoption of the Earthquake Recovery Redevelopment Project; and adoption of special rent control provisions governing removal permits and rent increases associated with unit rehabilitation. Each of these programs is briefly described below.

City Activities

Earthquake Recovery Act Ordinance: The City Council adopted the Earthquake Recovery Act, Ordinance #1736, in April 1994 which was updated by Ordinance 1823 (CCS) on October 17, 1995 to establish an expedited permit process for rebuilding and reconstruction standards which encourages rebuilding. The Ordinance creates a new permit, an Earthquake Recovery Permit, to authorize repair and reconstruction of earthquake damaged structures to their pre-earthquake condition. Incentives under this Act include: allowances for in-kind repair or reconstruction of legal non-conforming structures, and 15% square footage size and 5 feet building height bonus for reconstruction of multi-family rental housing.

In exchange for the substantial benefits to property owners using the Earthquake Recovery Act, the Act requires 25 percent of the residential units assisted to be deed-restricted to low and moderate income households.

In addition, projects receiving an Earthquake Recovery Permit are exempt from the City's Inclusionary Housing Program (Ordinance #1615). However, one of the following affordable housing obligations apply to any multi-family rental project obtaining a removal permit from the Rent Control Board:

- If the project has an affordable housing obligation under Rent Control (such as with a DQ Removal Permit), no additional affordable housing obligation is imposed as a condition of the Earthquake Recovery Permit.
- If no affordable housing obligation is required under Rent Control (such as with a CQ Removal Permit), not less than 25% of the total number of units in the rental project shall be affordable to households earning 60% and 100% of the regional median income. At least half of the affordable units must be provided to households at the 60% income level.

Multi-family Earthquake Repair Loan Program (MERL): In response to the acute damage to the multi-family housing stock caused by the Northridge earthquake, the City established the Multi-family Earthquake Repair Loan Program (MERL) Program. This program is funded through federal HUD monies made available to Santa Monica through the Emergency Supplemental Appropriations Act of 1994, including approximately \$8.4 million in HOME funds and \$25 million in CDBG funds. MERL funds may be used for activities that are eligible under the regular HOME program, including rehabilitation, acquisition, construction and reconstruction of housing. Program loans may be used to pay for costs for which funds are not available from the Small Business Administration (SBA), earthquake insurance, or other sources.

The MERL Program has four program components:

- Program I: Pre-Earthquake Owners
- Program II: Post-Earthquake Buyers
- Program III: Affordable Housing Developers
- Program IV: Condominium Owners and Associations

Program requirements differ in many respects, including eligible uses, maximum loan amounts, repayment requirements, and affordability requirements. **Table II-16** highlights the major components of each of these programs.

**TABLE II-16
SANTA MONICA
MULTIFAMILY EARTHQUAKE REPAIR LOAN PROGRAM (MERL)**

PROGRAM	I	II	III	IV							
ELIGIBLE BORROWERS	Pre-Earthquake Owners	Post Earthquake Buyers & Pre-Earthquake Owners with loans over \$30,000/unit	Qualified Affordable Housing Developers	Condominium Owners and Associations							
ELIGIBLE PROPERTIES	Any Damaged property with \$5,000 per unit repair cost, or potentially hazardous structures with \$1/sq. ft.. EQ damage. For acquisition: Red and Yellow Tagged properties only.										
ELIGIBLE USES	. Rehabilitation . Reconstruction . Refinancing	. Rehabilitation . Acquisition . Reconstruction . Refinancing	. Rehabilitation . Reconstruction . Acquisition	. Rehabilitation . Reconstruction . Refinancing							
LOAN TERM	30 Years	10 Years	55 Years	30 Years							
INTEREST RATES	0%	0%	0% or applicable Federal rates for HOME tax credit projects	0%							
PAYMENT	Deferred for 2 years from note date, amortization based on 28 years		Residual Receipts	Deferred for 2 years from note date, amortized over 28 years							
MAXIMUM LOAN	\$30,000 per unit (Higher limits apply for 2-6 unit projects)	0-1 BRMS \$ 60,000 2 BRMS \$ 70,000 3 BRMS \$ 80,000	0-1 BRMS \$ 80,000 2 BRMS \$ 90,000 3 BRMS \$100,000	0-1 BRMS \$60,000 2 BRMS \$70,000 3 BRMS \$80,000							
AFFORDABILITY RESTRICTIONS	No Additional Requirements	25% of units must be affordable to H.H. with income < 60% of MFI	100% or units must be affordable to H.H. with income < 60%	No Additional Requirements							
		<table><tr><td>No. BRMS</td><td>Rent</td></tr><tr><td>0</td><td>\$529</td></tr><tr><td>1</td><td>\$605</td></tr><tr><td>2</td><td>\$718</td></tr><tr><td>3</td><td>\$820</td></tr></table>			No. BRMS	Rent	0	\$529	1	\$605	2
No. BRMS	Rent										
0	\$529										
1	\$605										
2	\$718										
3	\$820										
RESTRICTION PERIOD	NA	30 years	55 years	NA							
RENT INCREASES	MAR adjustment with pass-throughs over the amortization period of the loan. Acquisition-Refinance exempt. (No NOI-based rent increases)		NA	NA							
	Non-rent control projects use HUD Annual Adjustment Factor										
FORGIVENESS	20% of construction financing forgiven after two (2) yrs, where Davis Bacon min. constr. wages apply										
PREDEVELOPMENT EXPENSES	Eligible costs may be included in secured Predevelopment loan with 50% reimbursement of previous expenses.		100% financing of eligible expenses	Secured loans for eligible costs w/ 50% reimbursemt of previous expenses.							
SECTION 8	Property owners may list vacancies with Housing Authority			NA							
LOAN ASSUMPTION	Loans Due on Sale		Loans may be Assumed with City Approval	Loans Due on Sale							
PROJECTED ALLOCATION*	\$9,387,455	\$8,612,545	\$9,546,500	\$2,500,000							
* Allocations by category are based on projected demand. Funding may be adjusted by up to 10% according to applications received.											

Source: Multi-Family Earthquake Repair Loan Program - Guidelines and Procedures, Feb. 1995.

Redevelopment Agency Activities

The Santa Monica Redevelopment Agency adopted the Earthquake Recovery Redevelopment Plan in June 1994 as a means of providing additional financial resources to encourage rebuilding and reinvestment in those sections of the City hardest hit by the Northridge earthquake. Housing-related implementation programs contained in the Plan include provisions for loans, grants and gap financing for repair and rehabilitation of damaged multi-family buildings, and provision of gap financing to increase the supply of affordable housing to help replace units lost in the earthquake. Pursuant to State law, not less than 20 percent of gross tax increment revenues generated by the Redevelopment Project shall be used by the Agency for the purpose of increasing, improving, and preserving the City's supply of affordable housing.

Rent Control Agency Activities

Category CQ Removal Permit: This special subcategory of removal permit is available to owners of rent-controlled buildings so severely damaged in the Northridge earthquake that units have been deemed uninhabitable (red- or yellow-tagged) and cannot be made habitable in an economically feasible manner. Project repairs are deemed economically unfeasible if the cost of repairs necessary to make the unit(s) habitable, amortized over the useful life of the improvements, would require that the rent for the controlled rental unit(s) be at a level in excess of the rent that the landlord reasonably could be expected to collect for the unit(s).

Category DQ Removal Permit: This special subcategory of removal permit is available to owners of red- and yellow-tagged buildings made uninhabitable as a result of the Northridge earthquake. A category DQ permit may be granted if the site on which the rent controlled units are sought to be removed will be constructed with multi-family rental units that will not be exempt from the City's rent control charter. The following two additional conditions must also be met: a) 25% of reconstructed rental units must be rented to low income (80% MFI) persons at rents they can afford; and b) unreimbursed earthquake damages must be in excess of \$5,000 per unit.⁷ Rents on the 75% non-low income restricted units can be set at current market levels, with future rent increases regulated under rent control. (This regulation is applicable to DQ removal permit applications filed on or after March 10, 1995 - applications filed prior to this date were processed under the conditions of Regulation 5017 in effect at the time of filing).

"Q" Petitions: The Rent Control Board adopted Regulation 4113 on January 27, 1994 (ten days after the earthquake) to establish an administrative petition process, the "Q" Petition, to encourage the prompt rehabilitation of buildings damaged by the earthquake. The Q Petition allowed owners of earthquake-damaged properties to recover earthquake-related capital expenditures through permanent rent increases. For qualifying expenditures, the Q Petition establishes an entitlement to a dollar-for-dollar rent increase pass-through of expenditures, including reasonable financing costs. For income qualifying pre-earthquake

⁷ Unreimbursed earthquake damages in this context refer to those that did not receive any compensations whether in insurance or in public grants.

tenants, upward rent adjustments may not exceed twelve percent, twice the Employment Cost Index (ECI), or \$50 per month, whichever is greater in a given year. The deadline for submittal of a Q Petition rent increase expired on June 30, 1995.

In April 1995, the Rent Control Board adopted Regulation 4113B to provide for rent pass-throughs of 50% of any and all expenditures reasonably incurred in mitigation of hazardous structures to offset the cost of seismic retrofit improvements required under City Ordinance #1748 (refer to discussion of this Ordinance at end of section).

Status of Earthquake Recovery

Earthquake recovery efforts of one type or another have been initiated or completed on most of the units tagged as uninhabitable. As of September 1, 1996, only 38 properties (335 units) remain that have not been made habitable. Of these, only 12 properties (39 units) do not show any activity with the Rent Control Agency or any earthquake repair permit activity. In contrast, over 1,500 red- or yellow-tagged units have been made habitable, facilitated in large part by the City's wide-ranging earthquake recovery programs.

The MERL Program can fund loans for repair and reconstruction, or for new construction for off-site replacement of units lost due to the earthquake. An inventory of those units permanently lost due to the earthquake is maintained to document the number of replacement units that can be funded through the MERL Program. Thus far, loans for 116 replacement units have closed and a commitment has been made to fund an additional 20 replacement units.

Impact of Earthquake Recovery Activities on Housing Affordability

As reflected in the overview of City-sponsored earthquake activities described above, a major goal of Santa Monica's programs is to facilitate recovery of the earthquake damaged housing stock, while maintaining the affordability of existing units, or providing affordable replacement units. The following provides a general assessment of the impact of these earthquake recovery activities on housing affordability.

Only 53 rent-controlled units have either been granted **CQ removal permits** or have permits pending. It can be assumed these units have been lost from the City's inventory of rent-controlled housing. However, if the property owner wishes to obtain an Earthquake Recovery Permit to reconstruct earthquake damaged structures (described above), 25% of the reconstructed units must be deed restricted at levels affordable to households earning 60% and 100% of the County median income. In addition, any project receiving MERL funds for earthquake repair or rebuilding will be subject to the affordability restrictions outlined in Table II-16.

As described above, projects receiving **DQ removal permits** are required to provide at least the same number of replacement housing units as those being removed, and these replacement units will continue to be subject to the City's rent control provisions. However, rents on 75 percent of these units can be set at current market levels, which may be above the prior Maximum Allowable Rent (MAR). The remaining 25 percent of the replacement units

will be subject to deed restrictions specifically limiting occupancy to low-income persons (80% MFI) and restricting rents to levels affordable to low-income households.

As of June 30, 1995, more than 1,000 **Q Petitions** had been filed for permanent rent increases to recover the earthquake-related capital expenditures (both repairs and retrofitting); due to the large number of requested petitions, only 879 decisions had been issued by September 1, 1996. As previously described, projects granted Q Petitions are permitted yearly upward rent adjustments to recover the cost of earthquake repairs, with limitations on the amount of annual rent increase passed on to low-income households. In order to assess the impact of these potential rent increases on the affordability of the rent-controlled housing stock, the City's Rent Control Agency produced a focused report to evaluate rent increases and changes in unit affordability. However, it should be mentioned that of the 879 Q Petition decisions issued, a large number are for proposed repairs not yet completed, and the rent control database can only reflect rent increases on projects where repairs have actually been completed. The following highlights some of the findings of the rent control database as of December 1995⁸:

Overall Affordability (based on total units at affordability levels)

- Citywide, 2% more rent-controlled units were affordable to households at the 60% income level in December 1995 than in January 1994. There was no significant change at the 80% and 100% income levels.
- Among all units where Q Petitions were filed, there was a 1% decline in affordability at the 60% and 80% income levels, and no significant change at the 100% income level.
- Among units on properties which were red- or yellow-tagged in February 1994 there were 6% fewer units affordable at the 60% income level, 4% fewer at the 80% level, and 1% fewer at the 100% level.

Affordability of Units at 60% Income Level (based on rent changes for individual units affordable at 60% level in 1994)

- Overall, 5% of the units that had been affordable at the 60% level prior to the earthquake are no longer affordable at that level.
- Among units on properties with Q Petitions filed, 10% of the units that had been affordable at the 60% level are no longer affordable at that level.

⁸ Two additional factors need to be considered when evaluating the affordability impacts of Q Petitions. First, some rent increases may have resulted from AB 1164 which mandates a certain level of rent increase upon vacancy; for purpose of this report, increases resulting from Q Petitions or vacancies were not isolated. Second, between January 1994 and December 1995, the Rent Board's annual rent adjustments were lower than HUD increases in income and affordability levels, resulting in more "affordable" units in 1995 than 1994 by matter of revised HUD income definitions.

-
- Among units on properties which were red- or yellow-tagged in February 1994, 19% of the units previously affordable at the 60% level are no longer affordable at that level.

While these statistics do seem to suggest a trend of decreasing affordability on those rent-controlled units granted Q Petition rent increases, the data is incomplete for the reasons described above, and cannot be used as an accurate gauge of the true magnitude of affordability impact. Therefore, the City proposes to re-run these same reports in winter of 1996 when more Q Petition rent increases have been processed.

Effects of City Seismic Retrofitting Ordinance (#1748)

In response to the magnitude of structural damage caused by the Northridge earthquake, the Santa Monica City Council adopted Emergency Ordinance #1748 to establish specific standards for the repair and retrofitting of a variety of potentially hazardous structures, including:

- Unreinforced masonry structures
- Soft-story construction
- "Tilt-up" pre-cast concrete buildings
- Steel-frame buildings; and
- Non-ductile/reinforced pre-cast concrete frame buildings

As 85% of the identified potentially hazardous structures in the City are of soft-story construction, and these are predominately multi-family residential buildings, the following analysis will focus on the effects of the City's new seismic retrofitting requirements for soft-story construction.

City staff has identified approximately 1,900 soft-story buildings, consisting of predominately multi-family structures containing an estimated 14,000 dwelling units. Under the City's adopted ordinance, the following criteria apply to the repair and retrofitting of soft-story construction:

- Within 120 days of the date of notice to the owner by the City, but no later than March 31, 1995, the owner of any soft story structure damaged by the January 17, 1994 earthquake or its aftershocks, where the cost of repair is less than 50% of the replacement value of the structure, shall submit an engineering report to the Building and Safety Division. The report shall demonstrate whether the building complies with the Earthquake Design provisions contained in the Uniform Building Code.
- Within 120 days of notice to the owner by the City, the owner of any soft story structure not damaged by the January 17, 1994 earthquake or its aftershocks, shall submit an engineering report to the Building and Safety Division. The report shall be based on a nondiaphragm rotational lateral analysis and shall demonstrate whether the structure conforms to the Earthquake Design provisions contained in the Uniform Building Code.

All soft-story portions of buildings are required to be retrofitted to a minimum of the current earthquake building code design standards according to the following timelines:

- I Essential Facilities - no later than March 31, 1996
- II High Risk (> 100 occupant load) - no later than March 31, 1997
- III Medium Risk (10 - 100 occupant load) - no later than March 31, 1998
- IV Low Risk (< 10 occupant load) - no later than March 31, 1999

However, any soft story structure with occupied square footage other than parking or storage on the first floor of the building, construction shall be completed within two years from the date of engineering report submittal, i.e. no later than March 31, 1997.

Since adoption of Ordinance #1748, the average cost for soft-story retrofit in Santa Monica has been \$6,800, and the range has been between \$5,000 - \$12,000 per structure. As a means of off-setting these costs to the property owner, the City Rent Control Agency has adopted Regulation 4113B, otherwise known as the "S Petition," to allow a rent increase pass through to the tenant. Expenditures qualifying for rent increase pass through under this regulation are 50% of any and all expenditures reasonably incurred in mitigation of hazardous structures (including soft-story structures), as identified in Ordinance #1748. According to Rent Control staff, engineering costs can be amortized over a five-year period and other retrofitting costs can be amortized over a 20-year period. Based on these amortization schedules, the average 7-unit building with retrofitting costs of \$6,800 would be entitled to rent increases of \$3 per unit per month.

As of Spring of 1996, Rent Control staff had received few S Petition rent increase requests, but similar to the Q Petitions, they expect to receive the majority of requests as the retrofit deadline of June 1997 for Medium Risk buildings approaches.

According to "The Northridge Earthquake One Year Later" prepared by the Federal Emergency Management Agency, the Clinton Administration is committed to making earthquake mitigation an integral part of the recovery effort. In fact, FEMA has entered into a Memorandum of Understanding with the State of California that adopts triggering mechanisms for code upgrades regardless of local code requirements. In addition to implementation of federal and state goals for earthquake mitigation, Santa Monica's earthquake retrofit ordinance provides many substantive benefits that City officials believe far outweigh the costs of building retrofit. Such benefits include:

- Potential prevention of future building collapse and need to rebuild in the event of a major earthquake
- Potential reduction in the magnitude of building damage from future earthquakes
- Reduction in building maintenance
- Less displacement of building tenants
- Less loss of personal contents in building
- Saves lives and prevent injuries

6. Ownership and Rental Housing Costs

Ownership Housing

In 1990, the median value for all owner-occupied housing in Santa Monica was over \$500,000, the top category used in the 1990 Census. In contrast, the median value for all owner-occupied housing in Los Angeles County was \$226,400. **Table II-17** shows the prices of housing sold in Santa Monica in 1995. This data illustrates the wide range in sales prices by unit size and type, and also illustrates the predominance of two- and three-bedroom single-family homes, and two-bedroom condominiums. Although housing in Santa Monica is relatively expensive, apartment units converted to condominiums and sold to tenants under the Tenant Ownership Rights Charter Amendment (TORCA) program were more affordable. For example, as also shown in Table II-18, the average price of a two-bedroom market-rate condominium in 1992 was \$310,910, while the average price of a two-bedroom TORCA condominium was \$167,295.

Housing prices in Santa Monica vary substantially by geographic area. **Figure II-9** illustrates 1995 median housing sales prices by housing type and zip code. As shown, areas located south of Wilshire Boulevard have substantially lower housing sales prices, with Zip Code 90404 containing the City's least expensive single-family housing, and Zip Code 90401 containing the least expensive condominiums. Zip Code 90404 is also the area characterized by relatively high concentrations of minority households, low-income population, and high levels of renter overcrowding.

As a means of evaluating sales prices in Santa Monica in comparison to surrounding communities, sales data compiled through TimesLink is presented in **Table II-18** for all units sold in February 1996 for selected Zip Codes. As illustrated in this table, Zip Code 90402 located north of Montana Avenue contains some of the most expensive single-family homes in Santa Monica and in the subregion, with the ten homes sold in this area in February 1996 commanding a median sales price of \$810,000. Single-family sales prices in Zip Code 90405 (south of Pico Boulevard) are comparable to adjacent zip codes in Venice, Mar Vista, and West Los Angeles (between Olympic and Wilshire Boulevards). Condominium sales prices in Zip Code 90403 (north of Wilshire, south of Montana) are fairly comparable to Brentwood, whereas condominium prices in Zip Code 90404 (mid-Wilshire) are more comparable to the adjacent West Los Angeles area.

TABLE II-17
HOUSING SALES PRICES - 1992 AND 1995

Unit Type	# Sold	Median	Average	Range
1995				
Single-Family				
1 Bedroom	4	\$247,500	\$276,700	\$136,800 - \$475,000
2 Bedrooms	131	\$325,300	\$395,815	\$70,000 - \$1,662,000
3 Bedrooms	122	\$477,500	\$535,212	\$120,000 - \$1,460,000
4 Bedrooms	54	\$659,000	\$755,917	\$202,000 - \$1,925,000
5 Bedrooms	16	\$922,500	\$1,080,438	\$562,500 - \$2,800,000
6+ Bedrooms	8	\$1,084,500	\$1,040,937	\$518,500 - \$1,620,000
Multiple-Family - Condominiums				
1 Bedroom	46	\$122,750	\$143,752	\$64,000 - \$375,000
2 Bedrooms	244	\$225,000	\$248,006	\$75,000 - \$2,000,000
3 Bedrooms	74	\$252,750	\$320,064	\$118,000 - \$1,250,000
4 Bedrooms	5	\$555,000	\$552,300	\$287,000 - \$1,025,000
1992				
Multiple-Family - Condominiums				
1 Bedroom	31		\$239,664	NA
2 Bedrooms	358		\$310,910	NA
3 Bedrooms	109		\$381,142	NA
TORCA Conversion Units				
1 Bedroom	131		\$110,405	NA
2 Bedrooms	211		\$167,295	NA
3 Bedrooms	78		\$208,097	NA

Sources: 1995 sales data - California Market Data Cooperatives.
1992 sales data - TORCA Evaluation Study, February 1993.

TABLE II-18
HOUSING SALES PRICES IN SANTA MONICA AND
SURROUNDING AREAS - FEBRUARY 1996

City/Area	Zip Code	Single-Family Homes		Condominiums	
		# of Units	Median Price	# of Units	Median Price
Santa Monica	90402	10	\$810,000	—	—
	90403	—	—	11	\$203,000
	90404	—	—	8	\$165,000
	90405	12	\$255,000	—	—
Pacific Palisades	90272	18	\$520,000	—	—
Brentwood	90049	10	\$580,000	12	\$225,000
Westwood	90024	6	\$440,000	11	\$425,000
West L.A.	90025	6	\$272,000	16	\$180,000
	90064	13	\$324,000	—	—
Culver City	90230	10	\$195,000	14	\$90,000
Mar Vista	90066	19	\$230,000	—	—
Venice	90291	18	\$253,000	—	—

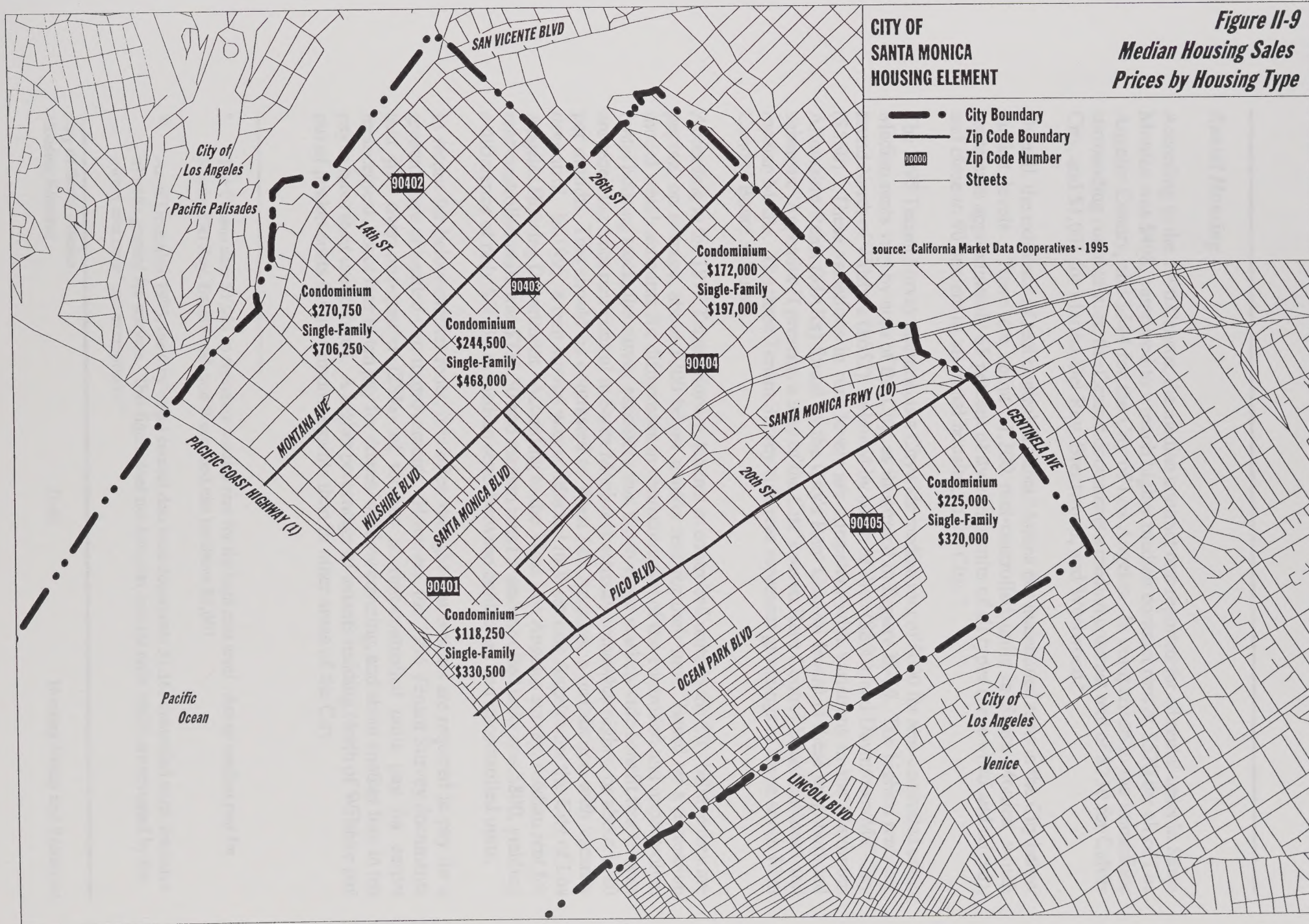
Source: TimesLink DataQuick Services, February 1996.

Figure II-9
Median Housing Sales
Prices by Housing Type

CITY OF
SANTA MONICA
HOUSING ELEMENT

- City Boundary
- Zip Code Boundary
- 90000 Zip Code Number
- Streets

source: California Market Data Cooperatives - 1995



Rental Housing

According to the 1990 Census, the median contract rent reported for all rental units in Santa Monica was \$498, compared to a much higher median contract rent of \$570 for all of Los Angeles County, and \$544 for the City of Los Angeles. In comparison to the immediate surrounding communities, the Census documents a median contract rent of \$730 for Culver City, and \$1,001 for Marina Del Rey, Brentwood, and Westwood.⁹

Overall, the existence of rent control in Santa Monica has maintained rents in the City below market levels. There are about 31,200 rent-controlled units in Santa Monica, which represents approximately 65 percent of dwelling units of all types (i.e. owned and rented), and close to 90 percent of all rental housing in the City.¹⁰

The 1995 Tenant Survey documents a Citywide median rent of \$600 for rent-controlled units. Median rents vary by area of the City, as illustrated in **Figure II-10**. The highest rents are found North of Wilshire (\$652), followed by south of Pico (\$600), and Downtown/Mid-City (\$550). These variations in rent levels are consistent with variations in the Maximum Allowable Rents (MARs) found by the City's Rent Control Board in these neighborhood subareas. Appendix H presents a map of the City's seven Rent Control Board subareas and median MARs. The three Tenant Survey subareas represent groupings of these seven Rent Control Board subareas.

According to the 1995 Tenant Survey, tenants in controlled units in the City believe they are paying, on average, about \$200 below market rent for their unit. Based on a regression model which accounts for differences in characteristics of the controlled and uncontrolled rental housing stock, the survey estimates that the average market-wide benefit that tenants are receiving from rent control in Santa Monica is actually somewhat higher, or about \$280 per month. This should be contrasted to West Los Angeles, a jurisdiction with vacancy decontrol. In 1993, a rent survey was conducted in West Los Angeles for the City of Los Angeles Housing Department. According to the West Los Angeles survey, median rent for rent-controlled units was \$733.50 and median rent for uncontrolled units was \$800, yielding a difference of only \$66.50 in median rents between controlled and uncontrolled units.

In return for below-market rents, it is often thought that tenants are required to pay for a greater share of needed unit improvements. However, the 1995 Tenant Survey documents that just over one-quarter (28%) of tenants in rent-controlled units pay for carpet replacement, about four in ten pay for drapes/window covering, and about another four in ten pay to have their unit painted. A higher percentage of tenants residing North of Wilshire pay out of pocket costs for unit improvements than in other areas of the City.

⁹ The Census uses \$1,001 to represent median rent for the high rent level. Actual median rent for Marina Del Rey, Brentwood, and Westwood can be above \$1,001.

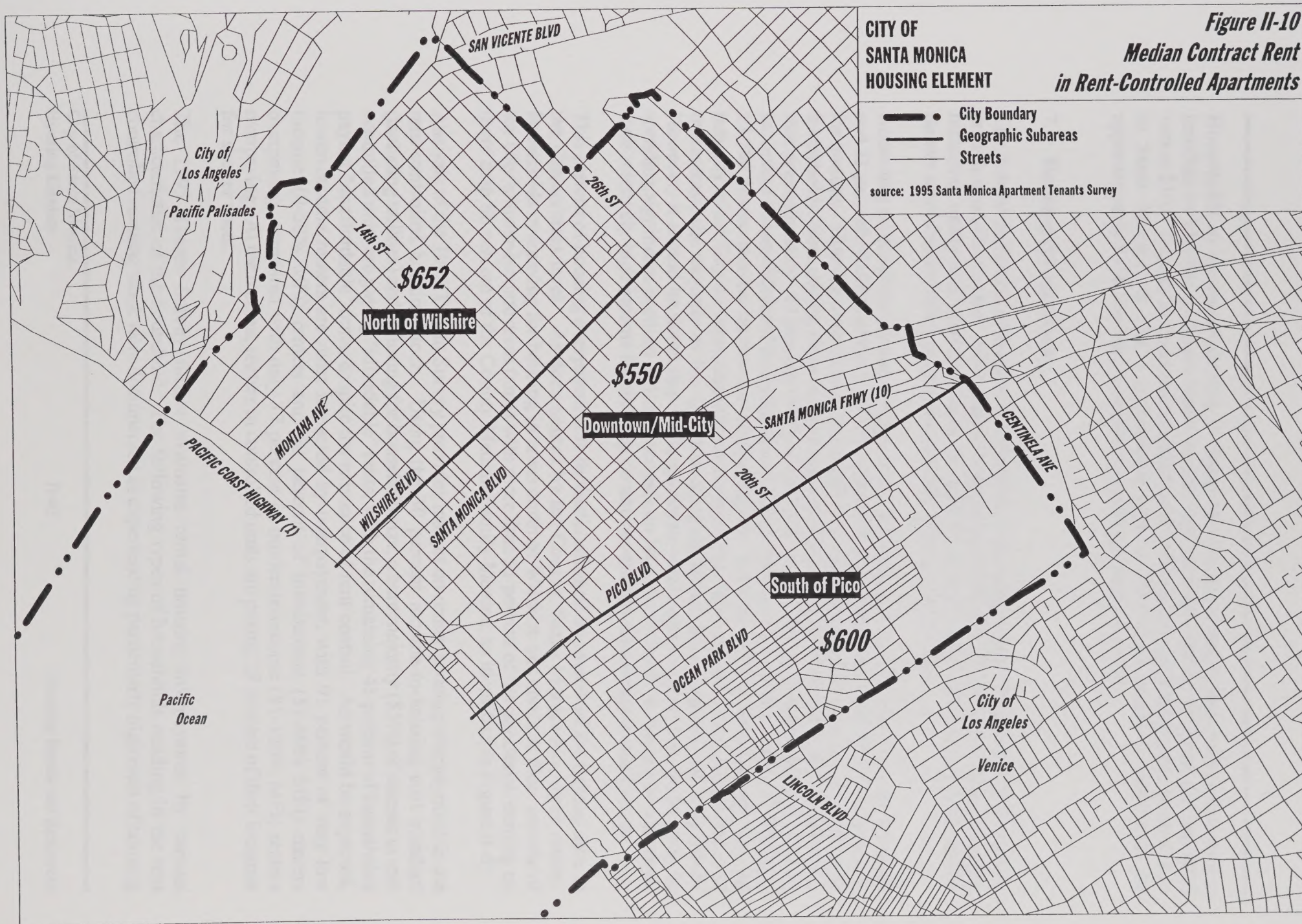
¹⁰ As of December 1995, the City's rent control data base documents 31,168 controlled units, inclusive of units granted fee waivers. This figure does not however include units which are occupied by the owner and have "use exemptions."

Figure II-10
Median Contract Rent
in Rent-Controlled Apartments

**CITY OF
 SANTA MONICA
 HOUSING ELEMENT**

-  City Boundary
-  Geographic Subareas
-  Streets

source: 1995 Santa Monica Apartment Tenants Survey



Households in uncontrolled units in Santa Monica, on average, pay much more in rent (median of \$1,100), and paid higher annual rent increases during the previous year (\$25 versus \$14). Tenants in these uncontrolled units believe they are paying a premium to live in Santa Monica, in that a comparable unit in West Los Angeles would rent for approximately \$150 less than what they are now paying per month.

7. Housing Overpayment

The federal definition of maximum affordable housing cost is established at 30 percent of gross household income. Any household spending more than 30 percent on housing costs, including utility and insurance costs, is considered to overpay for housing, leaving less money available for other necessities and emergency expenditures.

According to the 1990 Census, 30 percent (3,702) of the City's 12,340 owner-households and 31 percent (10,084) of the City's 32,530 renter-households can be defined as overpaying for housing. Housing overpayment is typically a more prevalent issue among lower income households than among other income groups. The City's 1995 Consolidated Plan reports that approximately 40 percent (900) of the City's 2,252 lower income (earning up to 80 percent of County Median Family Income (MFI)) owners and 65 percent (8,965) of the City's 13,792 lower income renters are overpaying for housing. These data indicate that the majority of the City's overpaying owners are moderate- and upper-income households, and in contrast, the majority of the City's overpaying renters are lower-income households. However, it should be noted that while moderate- and upper-income households may be spending significant portions of their incomes on housing to reside in Santa Monica, given their relatively high income levels, they do not necessarily experience a cost burden.

This pattern of housing overpayment is further confirmed by review of the Census data at the Census tract level. As documented by the Census, Santa Monica has more owner-households overpaying for housing in areas north of Wilshire and south of Pico, outside of the City's lower-income areas (areas with more than 51 percent of the population earning no more than 80 percent of the County Median Family Income, as identified in Figure II-6).

Analysis of the 1995 Tenant Survey provides insight on renter housing overpayment in the rent-controlled housing stock. Using the 30 percent income-to-housing cost standard (including utilities) and adjusting for household size, a bare majority (55%) of tenants in rent controlled units are paying "affordable" rents, with the remaining 45 percent of households paying "unaffordable" rents, despite the existence of rent control. As would be expected, lower-income renters are most impacted by overpayment, with 91 percent of very low income (0-50% MFI) renters and 50 percent of low-income (51-80% MFI) renters overpaying, compared with only 17 percent of moderate-income (81-120% MFI) renters overpaying. At the median, renters in controlled units are paying 28 percent of their incomes for shelter costs.

The 1995 Tenant Survey further evaluates rental housing overpayment by various characteristics of the household. The following types of households residing in the rent controlled housing stock were documented as experiencing particularly high rates of housing

overpayment: households with one or more disabled persons (77%), African American households (77%), seniors (69%), large households (64%), and Hispanic origin households (61%).

8. Overview and Summary of Key Results for the Analysis of the Effects of the Costa-Hawkins Rental Housing Act

The Costa-Hawkins Rental Housing Act of 1995 will gradually eliminate any limits on rent increases that may be charged when a tenant voluntarily vacates an apartment unit or is evicted for non-payment of rent. Landlords will be allowed to increase rents, no more than twice between 1996 and 1999, by the greater of 15 percent above the then-existing Maximum Allowable Rent (MAR), as set by the City's Rent Control Board, or an amount such that the total rent does not exceed 70 percent of the applicable Fair Market Rent (FMR) in Los Angeles County, as established by the Federal government. Beginning January 1, 1999, rent increases on vacated units will be de-regulated, although the units remain subject to all other provisions of the City's Rent Control Law. The City's Rent Control Board adopted a regulation allowing the new law to become effective in Santa Monica in early October 1995. Because this phase-in coincides with the planning period for the City of Santa Monica's Housing Element update, HR&A estimated the scale of probable turnover in the controlled apartment stock that would allow these rent increases to take place, what the rent increases might be on a City-wide basis, and how these changes in the price structure affect the portion of the rent-controlled stock that is "affordable" to lower-income households, within the meaning of Federal definitions.

Based on a detailed analysis of the results of the 1995 Santa Monica Apartment Tenants Survey, and after comparing these results with data available from a related study of Santa Monica tenants conducted in 1987, and a study of tenants in West Los Angeles, HR&A concluded that:

- Number of Units Subject to Decontrol of Rents Upon Vacancy, 1996-2003:
 - *During the first year of implementation of the Costa-Hawkins Act, Between 3,600 and 7,900 units are projected to be vacated and subject to higher rent increases at re-rental than would have been allowed under the City's Rent Control Law in the absence of the Costa-Hawkins Act.* The lower end of this range is based on the history of apartment turnover in Santa Monica; the upper end of the range is based on turnover in West Los Angeles, where the City of Los Angeles system of rent stabilization has always exempted re-rental of vacant units from controls on rent increases.¹¹ The pace of actual Costa-Hawkins Act rent increase applications filed

¹¹ This higher estimate is based on unit turnover data from our 1993 survey of rent stabilized units in West Los Angeles, which is less likely to correspond to rental market conditions in Santa Monica until Costa-Hawkins has been in effect for some time. It provides, nevertheless, a reasonable upper limit in light of the uncertainty about how tenant turnover may change in response to the Costa-Hawkins Act.

to date with the Rent Control Board is consistent with the tenant survey-based projection for the first year.

- *By 2003, between one-half and three-quarters of the 1995 rent-controlled stock will be decontrolled.* The share of the controlled stock that is projected to be decontrolled ranges from 49% to 74% of the 28,239 rent-controlled apartment units that existed in Santa Monica at the end of 1995.¹² The lower end of the range assumes that the historical pattern of Santa Monica apartment turnover continues into the future; the upper end assumes a turnover pattern more like that in West Los Angeles.

- Rent Increases Implied by Vacancy Decontrol, 1996-1999:

Under the Costa-Hawkins Act, limited rent increases are allowed through the end of 1998. Two estimates of the effects during this first period were prepared. The first assumes that all units turn over; the second applies the history of actual turnover experience in Santa Monica and West Los Angeles.

- *If all units were to turn over once between 1996 and 1999, the average rent increase would be 17%.* Assuming that all units turn over once, the average (mean) MAR would increase from \$621/unit to \$729/unit, for an average increase of 17 percent. A second turnover during this period would increase the mean MAR to \$839, or an additional 15 percent. The total average increase, assuming two turnovers, is 35 percent. Although the likelihood of all units turning over once or twice during this period is extremely low, the analysis provides precise estimates of the impact of the Costa-Hawkins Act on those units that will turn over during this period.
- *Using more probable assumptions based on historical Santa Monica and West Los Angeles turnover rates, it is projected that the mean Citywide MAR increase under the Costa-Hawkins Act will be more modest.* Based on the Santa Monica turnover probabilities, it is projected that the mean Citywide MAR (i.e., including units that turn over and those that do not) will increase from \$621 in 1995 to \$707 by 1999, a cumulative increase of 13.9 percent. Using the West Los Angeles turnover probabilities, the mean Citywide MAR is projected to increase from \$621 in 1995 to \$726 by 1999, a cumulative increase of 16.9 percent. Were the Rent Control Board's existing general adjustment procedures to continue without the Costa-Hawkins Act changes, the mean MAR in 1999 is projected to increase to \$676, or 8.9 percent. Thus, on average, the Costa-Hawkins Act will add between \$31 and \$50 more to the average controlled rent in the City by 1999 than would otherwise have occurred in the absence of the Act. The turnover probabilities moderate the

¹² The 1995 apartment tenant survey on which this analysis is based does not include owner-occupied buildings of three or less units, mobile homes, single-family homes or units in structures other than apartments, which may be subject to rent control. The survey also did not include government-subsidized units. Thus, the total number of rent controlled units cited here differs somewhat from the total number of controlled units registered with the Rent Control Board.

impacts of the Costa-Hawkins Act, because between two-thirds and one-half of all rent controlled units are not expected to turn over, and thus their rents will remain fully controlled at the end of 1998.

- *For units at the lower end of the rent spectrum, the average Citywide rent increase will be significantly higher.* Lower-priced units eligible for the 70 percent-of-FMR adjustment will see considerably higher rent increases if the units are vacated. Units with MARs below 70 percent of the FMR will be adjusted to the 70 percent standard, regardless of the size of the resulting rent increase. This will affect approximately 15 percent of the controlled units in the City, according to data provided by the Rent Control Administration. Assuming that market forces do not constrain rent increases, the FMR provisions will allow rent increases of between 16 and 25 percent to be levied on 33 percent of the eligible units, while rent increases of 25 percent or more will be levied on the remainder. Slightly more than 25 percent of the units eligible for FMR based adjustments will have rent increases in excess of 100 percent.
- *Among those units that do turn over, the magnitude of average rent increases will be considerably higher than the Citywide average.* Using the existing median MAR of \$577 as a base, units that turn over once between 1996 and 1999 will rent for approximately \$648/month, and units that turn over twice will rent for \$779/month. Units that do not turn over between 1996 and 1999 will rent for \$614/month. Combining the probabilities for all units that are expected to turn over by 1999 indicates that the average rent increase will be between 23% and 25%, or about ten percentage points higher than the Citywide average, which reflects units that turn over and those that do not. This is projected to also be the scale of increase at the 25th and 75th percentiles.

- Rent Increases Implied by Vacancy Decontrol, 1996-2003:

Beginning January 1, 1999, the Costa-Hawkins Act removes all caps on rent increases for vacant units. Using the projection model that incorporates turnover probabilities for Santa Monica and West Los Angeles, and accounting for the end of the rent increase caps, we project the following outcomes by 2003:

- *Using the Santa Monica turnover probabilities, including multiple turnovers of the same unit, average Citywide MAR will increase by about one-third between 1996 and 2003.* We estimate that the Citywide mean MAR will increase from \$621 in 1995 to \$843 by 2003, a cumulative increase of 36 percent. Using the West Los Angeles turnover probabilities, the mean Citywide MAR is projected to increase from \$621 in 1995 to \$879 by 2003, a cumulative increase of 42 percent. Assuming, alternatively, that the existing general rent adjustment procedures were to continue *without* the Costa-Hawkins changes, we project that the mean MAR in 2003 will increase to \$779, or by 25.5 percent. Thus, the Citywide effect of Costa-Hawkins is to increase average controlled rent between \$64 and \$100 per unit per month above rents that would have been allowed in Santa Monica prior to enactment of the Costa-Hawkins Act. Over this longer period, the percentage

increase in mean rents for the lowest priced one-quarter of controlled units and the highest-priced one-quarter of controlled units does not differ much from the Citywide average increase, due to the combined effects of low turnover and the fact that units remain under rent control for sitting tenants, even following a Costa-Hawkins Act rent increase.

-- *Once again, the rent increases for units that do turn over will be higher than the Citywide average. Cumulative increases will fall within a range of 46% to 48%, or about ten percentage points higher than the Citywide average increase, which reflects units that turn over and those that do not.*

- Impacts on the Affordability Levels of Rental Units as Defined by HUD:

Based on the income thresholds established each year by the U.S. Department of Housing and Urban Development (HUD) that define how much a very low-income and low-income households can “afford” to pay for rent, it is estimated that the stock of rent-controlled affordable housing would exhibit the following behavior as the Costa-Hawkins Rental Housing Act goes into effect:

-- *A “static analysis” indicates that the supply of controlled rental units available to very low-income households would be reduced by approximately one-half if all units turned over once in 1996; if all units turned over twice in 1996, the analysis indicates that no affordable units would be available to very low-income households. The “static analysis” takes all current factors affecting affordability as given. Current maximum allowable rents (MAR) for the universe of controlled units in Santa Monica are compared to the rents that could be charged if all units were vacated once, and then again in 1996. However, this approach clearly overstates the immediate affordability impacts of the Costa-Hawkins Rental Housing Act, because only 13 percent of all controlled units are projected to turn over once in 1996, far less than the 100 percent turnover rates assumed in the static analysis.*

-- *A “dynamic analysis,” which accounts for the interaction of the parameters that define “affordability” is particularly sensitive to HUD’s annual change in the household income thresholds that define “affordable” rent. The “dynamic analysis” remedies the weakness of the static analysis by addressing the effects of projected turnover rates, as well as incorporating historical increases in market rents and changes HUD affordability standards. In general, changes in HUD’s very low-income standards have consistently exceeded the increases in Fair Market Rents (FMR), as well as change in the Consumer Price Index (CPI), and the rent component of the CPI. Because the HUD standard tended to increase more rapidly than either the FMR or the rent component of the CPI over almost all of the period reviewed, the affordability of rental housing necessarily increased, even during the 1990-93 recession. Except for the most recent two years, the annual change in HUD’s median household income threshold used to define affordable rents in Los Angeles County has increased well ahead of market rents and inflation. This has the affect of making more of the housing stock*

“affordable.” Thus, the effects of the Costa-Hawkins Act on the supply of rent-controlled units that is affordable to low-income households is particularly sensitive to whether the annual increase in the HUD threshold between 1995 and 2003 more closely resembles the last two years, the last five years or the last 10 years.

If the five- or 10-year annual average HUD increase is assumed, the proportion of rent-controlled units affordable to lower-income households could be *larger* in 2003 than in 1995, even with full implementation of the Costa-Hawkins Act, because the cumulative effect of the annual increase in the HUD threshold overwhelms the effect of rent increases allowed under the Costa-Hawkins Act as units turn over. At the 10-year average, the proportion would be about 62-69 percent (depending on whether Santa Monica’s or West Los Angeles’s historical turnover rate is assumed) in 2003, versus 45 percent in 1995. If the five-year HUD average is assumed, the proportion of affordable units would increase to 51-52 percent in 2003.

If, instead, the average HUD increase over the past two years is assumed, the proportion of affordable rent controlled units would drop from 45 percent in 1995 to 24-30 percent by 2003.

Impact of Costa-Hawkins on the Section 8 Program

Costa-Hawkins may also significantly affect the availability of private rental housing through the Section 8 program. In order to understand this potential impact, it is first necessary to know how rents are established in the Section 8 program. Section 8 gross contract rents are negotiated within the framework of HUD Fair Market Rent standards (FMR). Generally, the gross rent for a unit may not exceed the FMR. However, HUD and the Housing Authority may approve exceptions under certain circumstances. The FMR standard can only be exceeded through annual increases which generally occur on a yearly basis or for exception rents which can only be granted to 30% of the certificate caseload.

Santa Monica’s FMR is derived from the Los Angeles/Long Beach Statistical Metropolitan Area. The number of rental units in Santa Monica is very small compared to the total number of rental units in the Los Angeles/Long Beach area. Consequently, the “soft” rental market of the Los Angeles/Long Beach area has resulted in four reductions in the area’s FMR in the last four years. If the “soft” rental market continues, the FMR will also continue to drop even as the Maximum Allowable Rent (MAR) increases in Santa Monica.

Historically, the Section 8 program has been popular with landlords because the Section 8 gross contract rents have usually been higher than Rent Control’s (MAR). In January 1997, the median gross contract rent for zero bedrooms is 25 percent higher than the median MAR for zero bedrooms. The median gross contract rent for one bedrooms is 20 percent higher than the median MAR while the median gross contract rent for two bedrooms is 13 percent higher. However, the trend of reduced FMRs, combined with Costa-Hawkins rent increases, could jeopardize the competitiveness of the program in Santa Monica. For example, the median rents for the 5,312 units which have turned over between September 1995 and June

1997 increased between 20 to 22 percent as compared to an overall median increase of 4 to 6 percent, depending on the number of bedrooms.

Based on the Housing Element analysis done by HR&A and assuming that the Santa Monica turnover model prevails, the MARs for vacant units will exceed the current FMR by up to two percent by the year 1998. Extending the analysis through the year 2003 shows that the MARs for zero, one, and two bedroom units will exceed the current FMR by 19 percent, 22 percent, and 20 percent respectively. It is likely that this trend will continue as more units become vacant and the MAR increases based on Costa Hawkins.

Unless there is a significant increase in the FMR payment standards between 1997 and 2003, the attractiveness of the Section 8 program to landlords will be seriously diminished. As a result, it is likely that an increasing number of Santa Monica certificate and voucher clients will have to move to other cities in order to find housing.

In order to remain competitive in an increasingly more costly rental marketplace, the Section 8 program will take full advantage of the HUD regulation which allows the gross contract rent to exceed the FMR by up to 20 percent for 247 of its 823 certificates. This option will only be used to secure and retain the highest quality units and to increase program participation in under served areas of Santa Monica.

However, because this can only impact 20 percent of the total caseload, the program will also apply to HUD for a Santa Monica geographic exception rent. HUD generally requires that a comprehensive rental survey be submitted to validate the need for an increased FMR. It is possible that the Housing Element survey could form the basis of a Santa Monica request.

Impact of HUD Regulation and Policy Changes

The Omnibus Consolidated Rescissions and Appropriations Act of 1996 established a 90-day reissuance freeze on all certificates and vouchers. The effect on the Santa Monica program has been to reduce the usable number of certificates and vouchers by approximately 3 percent over the course of a year.

The Omnibus Consolidated Rescissions and Appropriations Act of 1996 also made changes in the Section 8 program which were designed to "encourage" more landlords to participate in the program. Provisions in this act allow owners to terminate the Section 8 lease without cause after one year, as long as a 30-day written notice is provided to the Housing Authority and the tenant. Once the contract is terminated, the tenant has the option of moving into another Section 8 subsidized apartment or entering into a new lease with the owner and paying the full MAR. The Housing Authority has approximately 950 contracts that have been in place for more than 12 months and are therefore eligible for cancellation without cause by owners. Given the income level of Section 8 clients, it is reasonable to assume that most, if not all, would have to move.

Because of Rent Control, Santa Monica's Section 8 program has generated significant project reserves. Currently, these reserves can be budgeted to pay for anticipated rent increases on an annual basis. If HUD approves a Santa Monica geographic exception rent, project reserves

will be required to fund increased rental costs. However, due to HUD's severe budget constraints, Santa Monica's project reserves may be used by HUD to renew expiring Annual Contribution Contracts for Santa Monica or other Housing Authorities.

HUD policy will be almost exclusively driven by its budget situation. As such, the City's authority to affirmatively react to the impact of Costa-Hawkins will be dependent on the outcome of competing HUD budget proposals.

9. Inventory of Affordable Housing

Santa Monica has facilitated affordable housing development using a variety of mechanisms (such as loans, monetary grants, land grants, and other support). In addition to the public assisted housing, affordable housing has also been produced in private developments in the City as a result of regulatory mechanisms such as inclusionary housing regulations, development agreements, settlement agreements, and rent control removal permit requirements. The following section discusses both publicly-assisted housing and regulated affordable housing in private developments.

Publicly Assisted Affordable Housing

Table II-19 provides a summary of the number of completed affordable housing units utilizing different types of public assistance in the City. These include units produced with U.S. Department of Housing and Urban Development funding assistance, City trust fund loan assistance, City Multi-Family Earthquake Repair Loan (MERL) Program assistance (see Section II.5), and units owned by the Los Angeles County Housing Authority. Specific project information associated with these publicly-assisted housing projects is shown in **Table II-20**.

**TABLE II-19
PUBLICLY-ASSISTED AFFORDABLE HOUSING SUMMARY**

Source of Deed-Restriction	Number of Units (Estimated*)
HUD (Section 202, 811, and 236)	804
Los Angeles County Public Housing	81
City Trust Fund Loans	543
Multi-Family Earthquake Repair Loan (MERL) Program	25
Total	1,453

Source: Santa Monica Housing Division.

* Completed as of 10/1/96

TABLE II-20
INVENTORY OF PUBLICLY ASSISTED
AFFORDABLE HOUSING IN SANTA MONICA

Project/Location	Total Units	Funding Program/ Source	Year Built	Type of Housing	Sponsor/Owner	Earliest Conversion Date(s)
HUD Programs						
Santa Monica Towers 1233 Sixth Street	163	Section 202	1964	Senior	Santa Monica Christian Towers, Inc.	10/1/2028
Westminster Towers 1112 Seventh Street	285	Section 202	1969	Senior	Westminster Towers; First Presbyterian Church of Santa Monica	2/1/2031
Neilson Villas 3100 Neilson Way	100	Section 236(j)(1)	1977	Senior	Neilson Villas Limited Partnership	10/7/2017
		Section 8				4/6/1999
Geneva Plaza 1441 21st Street	100	Section 202	1979	Senior	Westminster Towers Inc.	7/14/2020
Barnard Park Villas 3356 Barnard Way	60	HUD insured	1981	Senior		12/11/2026
		Section 8				
Ocean Park Villas 2019 & 2219 5th Street	24	Section 221(d)(4)	1982	Senior	Ocean Park Villas Limited Partnership	Not Applicable
		Section 8				10/17/2003
Wilshire House* 1125 3rd Street	72	Section 202/RHF CHTF	1992	Senior	Retirement Housing Foundation	1/4/2046
Los Angeles County Public Housing						
Colorado Place 1450 14th Street	18	Public Hsg./LA Co.	1982	Family	Public Hsg./LA Co.	2013
Colorado Place 1855 9th Street	11	Public Hsg./LA Co.	1982	Family	Public Hsg./LA Co.	2013
Colorado Place 2006 20th Street	11	Public Hsg./LA Co.	1982	Family	Public Hsg./LA Co.	2013
* Wilshire House was also assisted with City of Santa Monica Housing Trust Funds.						

**TABLE II-20
INVENTORY OF PUBLICLY ASSISTED
AFFORDABLE HOUSING IN SANTA MONICA**

Project/Location	Total Units	Funding Program/ Source	Year Built	Type of Housing	Sponsor/Owner	Earliest Conversion Date(s)
175 Ocean Park Blvd.	22	Public Hsg./LA Co.	1985	Senior	Public Hsg./LA Co.	2015
Monica Manor 1901-07 11th Street	19	Public Hsg./LA Co.	1988	Family	Public Hsg./LA Co.	Indefinite
<i>City Assistance</i>						
2017-23 20th Street	12	PNHTF	1983	Family/Senior	CCSM	12/13/2008 + 10 yrs
2625 Kansas Avenue	16	PNHTF	1984	Family	CCSM	7/5/2009 + 10 yrs
724 Pacific Avenue	8	Rental Rehab/ CHARP	1984	Family	CCSM	3/21/2009 + 10 yrs
2525 Kansas Avenue	20	PNHTF	1984	Family	CCSM	6/14/2009 + 10 yrs
1959 Cloverfield	62	CHARP	1985	Family	CCSM	11/30/2021 + 15 yrs
1843 17th Street	8	PNHTF	1985	Family	CCSM	12/20/2009 + 10 yrs
2302 5th Street	6	CHARP/Redev./ Rental Rehab	1986	Family/Senior	CCSM	8/29/1996 + 20 yrs
1629 Michigan	4	PNHTF	1986	Family	CCSM	2/28/2021 + 15 yrs
1937 18th Street	6	PNHTF	1986	Family	CCSM	12/6/2020 + 15 yrs
1827 19th Street	6	PNHTF	1986	Family	CCSM	8/13/2021 + 15 yrs
1808 17th Street	6	PNHTF	1986	Family	CCSM	12/13/2021 + 15 yrs
1943 17th Street	7	PNHTF	1987	Other	CCSM	3/31/2022 + 15 yrs
2402 5th Street (OP 12)	6	LIHF	1987	Family/Senior	CCSM	12/30/2020 + 15 yrs
2207 6th Street (OP 12)	6	LIHF	1987	Family/Senior	CCSM	12/30/2020 + 15 yrs
2405-2407 Fourth Street	10	CHARP	1987	Family	CCSM	3/17/2002 + 15 yrs
1917 17th Street	7	PNHTF	1987	Family	CCSM	12/18/2021 + 15 yrs
1314 18th Street	6	CHARP	1988	Family	CCSM	8/6/2022 + 15 yrs

**TABLE II-20
INVENTORY OF PUBLICLY ASSISTED
AFFORDABLE HOUSING IN SANTA MONICA**

Project/Location	Total Units	Funding Program/ Source	Year Built	Type of Housing	Sponsor/Owner	Earliest Conversion Date(s)
1427 Berkeley	7	CHARP	1988	Family	CCSM	1/15/2021 + 15 yrs
2009-15 Cloverfield	10	PNHTF/CHARP	1988	Family	CCSM	5/25/2023 + 15 yrs
Alt. Living for Aging 2323 4th Street	6	RHCP	1988	Senior	Alternative Living for Aged	3/18/2032 + 10 yrs
2121 Arizona	11	CHARP	1988	Family	CCSM	6/3/2023 + 15 yrs
Ocean Park 43 Coop	43	HODAG/Redev	1989	Family	CCSM	10/21/2021
3 Vicente Terrace	25	CHARP/ Rental Rehab	1989	SRO	CCSM	4/4/2023 + 15 yrs
2020-30 Cloverfield	32	Rental Rehab/ Tax Credits	1989	Family/Senior	CCSM	4/25/2025
1038 2nd Street	15	CHTF	1991	Family	CCSM	5/15/2066
1952-56 Frank Street	5	PNHTF/CHARP/ Redev.	1992	Family	CCSM	7/16/2030 + 10 yrs
1968 19th Street (Garcia)	7	Tax Credits/RHCP/ CHTF	1993	Family	CCSM	10/2031 + 10 yrs
1747 15th Street (Garcia)	7	Tax Credits/RHCP/ CHTF	1993	Family	CCSM	10/2031 + 10 yrs
1544 Berkeley Street (Garcia)	9	Tax Credits/RHCP/ CHTF	1993	Family	CCSM	10/2031 + 10 yrs
1828 17th Street (Garcia)	7	Tax Credits/RHCP/ CHTF	1993	Family	CCSM	10/2031 + 10 yrs
2423 Virginia Avenue	12	PNHTF/Tax Credits	1993	Family	CCSM	6/2032 + 10 yrs
1423 2nd Street	44	CHTF/Tax Credits	1994	SRO	CCSM	6/2043
1328 2nd Street	36	CHTF/Tax Credits	1994	SRO	Step Up On Second	9/2043 + 25 yrs
1206 Pico Boulevard	26	HOME	1995	SRO	CCSM	11/2044 + 25 yrs

**TABLE II-20
INVENTORY OF PUBLICLY ASSISTED
AFFORDABLE HOUSING IN SANTA MONICA**

Project/Location	Total Units	Funding Program/ Source	Year Built	Type of Housing	Sponsor/Owner	Earliest Conversion Date(s)
815 Ashland Avenue	45	CHTF/RHCP/ Tax Credits	1995	Family	CCSM	8/2049 + 25 yrs
<i>Multi-Family Earthquake Repair Loan Program</i>						
1343 11th Street	8	MERL	1996	Family	CCSM	2051
807 4th Street	17	MERL	1996	Family	CCSM	2051
TOTAL	1,453					

CCSM = Community Corporation of Santa Monica CHTF = Citywide Housing Trust Funds
 Step-Up = Step Up On Second CHARP = Citywide Housing Acquisition & Rehabilitation Program
 RHF = Retirement Housing Foundation HODAG = Housing Development Action Grant (federal)
 LA Co. = Los Angeles County LIHF = Low Income Housing Fund
 RHCP = Rental Housing Construction Program (state) MERL = Multi-Family Earthquake Repair Loan Program

Source: Housing Division, October 1996.

Regulated Affordable Housing In Private Developments

Table II-21 shows the number of units associated with various types of regulated affordable housing contained in private developments. In Santa Monica, with both inclusionary housing requirements and the State-mandated density bonus provisions in effect, most residential developers are able to use the inclusionary housing units to qualify for density bonuses for their projects.

**TABLE II-21
REGULATED AFFORDABLE HOUSING
IN PRIVATE DEVELOPMENTS**

Source of Deed Restriction	Number of Units (Estimated)
Inclusionary Housing Program (On-Site)	187
Earthquake Recovery Act	32
Development Agreements	199
Coastal Commission Restrictions	152
Rent Control Removal Permits	121
Total	691

Source: Santa Monica Housing Division; Rent Control Board.

10. Assisted Housing Units At Risk

Housing Element law requires that all housing elements include an analysis of existing assisted housing developments that are eligible to change from low-income housing to market-rate housing during the next ten years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use (§65583(a)(8)). Use restrictions, as defined by State law, means any federal, state, or local statute, regulation, ordinance, or contract which as a condition of receipt of any housing assistance, including a rental subsidy, mortgage subsidy, or mortgage insurance, to an assisted housing development, establishes maximum limitations on tenant income as a condition of eligibility for occupancy (§65863.11(a)(11)).

Assisted housing developments are defined in the Housing Element law as multi-family rental housing that receives government assistance under certain federal programs (such as HUD CDBG, Section 202, Section 236(j)(1)), state and local multi-family revenue bond programs, local redevelopment programs, or local in-lieu fees. Assisted housing developments also include multi-family rental units that were developed pursuant to a local inclusionary housing program or used to qualify for a density bonus (§65583(a)(8)).

With the recent extension of the current housing element cycle for the SCAG region to June 30, 1998, State Department of Housing and Community Development (HCD) staff have recommended the at-risk housing analysis period be extended to cover July 1, 1998 to June 30, 2003 for this Housing Element cycle, and July 1, 2003 and June 30, 2008 for the ensuing five-year period.

At-Risk Status of Housing Projects

Publicly Assisted Affordable Housing: As shown in Table II-20, the first project assisted by City trust funds was built in 1983. Table II-20 shows that the use restrictions on City-assisted projects generally last for at least 25 years and often may be extended by another 5, 10, or 15 years, usually in exchange for full or partial loan forgiveness.

Only one City-assisted projects carries use restrictions that could expire during the planning period. This is a 12-unit family/senior project located at 2017-2023 20th Street. The project has use restrictions that expire in 2008, with the ability to extend the use restrictions for another 10 years. Because the project is owned and operated by a non-profit organization whose primary mission is to develop and maintain affordable housing, the City believes that the extension option will be exercised and that this project is not at risk during the planning period.

Depending upon the category of loan, MERL program loans carry deed-restrictions of either 30 or 55 years. Since the first MERL project was completed in 1996, no MERL projects are at risk of converting to market-rate housing during this planning period.

Several of the HUD-assisted projects carry loans with prepayment options that would theoretically permit prepayment of the remaining debts during the applicable analysis period. Also, several projects are assisted with Section 8 rent subsidy contracts that can potentially expire during this analysis period. Under State law, these HUD-assisted projects are considered as at-risk of converting to market rate housing.

Regulated Affordable Housing in Private Developments: State Housing Element law specifies that the at-risk housing analysis must address the at-risk status of inclusionary housing units and units which qualified for a density bonus. In Santa Monica, typically developers are able to use the inclusionary units to qualify for density bonuses. Deed-restricted units subject to the City's Inclusionary Housing Program were built after 1984 and generally contain affordability restrictions lasting 55 years, with only a handful having use restrictions of 30 years. Therefore, none of these units are subject to conversion to market rate housing during the applicable time period.

Other deed-restricted units subject to the Earthquake Recovery Act, Rent Control Removal Permits, Development Agreements, Coastal Commission Restrictions, and Settlement Agreements were built without public funding and are not included in the at-risk housing analysis because they do not fall under the definition of assisted housing according to State law.

Conversion Potential and Preservation/Replacement Cost Analysis

A total of seven publicly-assisted projects may potentially be at risk of converting to market-rate housing during the applicable analysis period (see **Table II-22**). Two of these projects - Neilson Villa and Barnard Park Villas - are potentially at risk due to the potential prepayment of HUD mortgage loans. Four projects - Geneva Plaza, Santa Monica Christian Towers, Westminster Towers, and Ocean Park Villas - are at risk due primarily to the potential expiration of their Section 8 rent subsidy contracts. (In addition, Neilson Villas and Barnard Park Villas also maintain HUD Section 8 contracts which are expiring during this analysis period.) The remaining project, 1434 Santa Monica Boulevard, is at risk due to the pending expiration of its use restriction.

Projects Potentially at Risk Due to Mortgage Prepayment: Neilson Villas is assisted with a HUD Section 236(j)(1) loan. Typically, projects funded under the Section 236 loan program have a 40-year low-income use restriction, which after the first 20 years, the owners can choose to prepay the outstanding mortgage loan and opt out of the low-income use restriction. Built in 1977, Neilson Villa is *theoretically* eligible for mortgage prepayment in 1997. However, Neilson Villa is subject to a Contract for Sale of land with the Santa Monica Redevelopment Agency. The Contract contains provisions that restrict the long-term use of this property as affordable housing, require City approval before discharging of mortgage debt, and provide the City/Redevelopment Agency the option to repurchase the land for \$1.00 and the improvements for fair market value after 41 years from the date of project completion. Given the provisions contained in Contract for Sale which serve to restrict mortgage prepayment options, the City does not consider Neilson Villas at risk of conversion to market-rate housing.

Barnard Park Villas is a 60-unit senior housing project assisted with a HUD-insured loan, which typically allows for the prepayment of the loan after the first 20 years. Built in 1981, the theoretically prepayment date for Barnard Park Villas is 2001. However, the recorded Grant Deed for Barnard Park Villas contains use restrictions for the long-term affordability of these units, requires City approval before discharging of mortgage debt, and provides the City/Redevelopment Agency the option to repurchase the land for \$1.00 and improvements for fair market value after 45 years. The Declaration of Covenants and Restrictions for this project also stipulates that the property be limited in future use to low- and moderate-income senior housing. Given the affordability restrictions contained in the Grant Deed and Declaration of Covenants, the City does not consider Barnard Park Villas at risk.

Projects at Risk Due to Termination of Section 8 Subsidy Contracts: Geneva Plaza, Santa Monica Christian Towers, and Westminster Towers are funded with HUD Section 202 loans. These projects are owned and operated by non-profit housing organizations and must maintain as affordable housing for senior citizens for the full 40-year term of the loans. No mortgage on any of these projects is due to be paid off during the applicable analysis period. In fact, in the aftermath of January 1994 Northridge Earthquake, Santa Monica Christian Towers and Westminster Towers received earthquake repair loans from HUD, the terms of which required an extension of affordability use restrictions for 15 years beyond the original HUD loans (the extended use restrictions are reflected in Table II-20). However, the project-based Section 8 rent subsidy contracts for these projects are expiring during the twelve-year

period of this analysis, and will need to be renewed. These three nonprofit-owned projects are deed-restricted for long-term low-income use; rent subsidies required to maintain the existing tenants in these units are at-risk, but the use of the structures for low income households is not.

In addition to these three Section 202 senior housing projects, Ocean Park Villas, a family housing project, is also faced with the potential termination of rent subsidies. Ocean Park Villas is funded with a market rate loan under HUD's Section 221(d)(4) program. Projects funded under this program have no underlying use restrictions. However, the grant deed on this property, recorded in 1982, stipulates that the property be used and occupied only by elderly persons and families of low and moderate income for at least 30 years or the term of the HUD loan, whichever is longer. Affordability control on this project is also governed by the project-based Section 8 contract scheduled to expire during the twelve-year period of this analysis. Therefore, as is the case with Geneva Plaza, Santa Monica Christian Towers, Westminster Towers, and Ocean Park Villas, the rent subsidies required to maintain the existing tenants are at risk, but the use of the structures as low and moderate income housing is not. For purposes of this analysis, Neilson Villa and Barnard Park Villas are also considered at-risk because of potential loss of Section 8 assistance.

Previously, non-profit-owned projects such as Westminster Towers, Geneva Plaza, and Santa Monica Christian Towers would typically not be considered as at-risk, for non-profit owners would most likely renew the contracts for Section 8 assistance and maintain the housing as affordable. However, passage of the Housing Opportunities Extension Act in March 1996 and the current funding uncertainty at HUD have put these projects in jeopardy. For projects with Section 8 contracts expiring in 1996, HUD in Washington has given local HUD offices the authority to extend the Section 8 contracts for one additional year only. After this one-year extension, Section 8 certificates and vouchers may be used depending upon funding availability. Unlike the project-based Section 8 contracts, Section 8 certificates and vouchers are tenant-based assistance; this type of Section 8 subsidy does not guarantee the long-term availability of subsidies for the units.

It should be noted that some projects receive Section 8 assistance on a portion of the project units only. A total of 342 units in these six projects receive Section 8 assistance; only these units are considered to be at-risk.

TABLE II-22
PROJECTS AT RISK DUE TO POTENTIAL TERMINATION
OF SECTION 8 SUBSIDY CONTRACTS

Project	Total Units	Program	Currently Assisted Units	Potential Loss of Subsidy Date
Geneva Plaza 1437-49 21st St.	100 Elderly (99 1-bdrm & 1 2-bdrm)	Section 8	all 100 units are assisted	9/12/1999
Santa Monica Christian Towers 1233 6th St	163 Elderly (98 eff. & 52 1-bdrm)	Section 8	only 10 units are assisted	5/31/2000
Westminster Towers 1112 7th St.	285 Elderly (210 eff. & 75 1-bdrm)	Section 8	only 128 units are assisted	10/14/1997 5/31/2000
1434 Santa Monica Blvd.	24 SRO	CHTF/ Rental Rehab	Only 20 units are assisted	9/2000
Ocean Park Villas 2019 5th St.	24 Family (20 2-bdrm & 4 3-bdrm)	Section 8	All 24 units are assisted	10/17/2003
Neilson Villas	100 Elderly (100 1-bdrm)	Section 8	only 20 units are assisted	8/28/2004
Barnard Park Villas	60 Elderly (60 eff.)	Section 8	all 60 units are assisted	12/11/1996

Note: Westminster Towers maintains two separate Section 8 contracts with HUD.
Abbreviations: bdrm = bedroom; eff = efficiency unit.

Cost of Providing Rent Subsidies: Currently, availability of funding for Section 8 contract renewal is uncertain. Rent subsidies using state, local, or other funding sources can be used to maintain the affordability of the at-risk projects. Rent subsidies can be structured to mirror the Section 8 program.

Under the Section 8 program, HUD pays owners the difference between what tenants can pay (defined as 30 percent of household income) and what HUD and the local Housing Authority estimate to be Fair Market Rent on the unit. Section 8 certificates are only available to very low income households earning less than 50 percent of the County median income. The 1996 HUD median income for Los Angeles County is \$46,900. With the exception of Ocean Park Villas, a family housing project, all at-risk projects in Santa Monica are targeted for elderly persons. To simplify this analysis, all elderly units are assumed to be one-person households and all family units are assumed to be four-person households. This analysis also

assumes the average very low-income household has an actual income of 30 percent of the County median income, adjusted for household size. Thus, the average income of a one-person very low income senior household in Santa Monica would be \$10,770 and the average income of a four-person very low income family would be \$15,390. Under these assumptions, monthly housing costs affordable to these households are estimated to be approximately \$270 and \$385, respectively (based on HUD's definition of affordable housing costs as 30 percent of household income).

According to the Santa Monica Housing Authority, maximum Fair Market Rent (FMR) in the City is \$564 for an efficiency unit, \$676 for a one-bedroom unit, \$855 for a two-bedroom unit, and \$1,154 for a three-bedroom unit. The differences between housing costs affordable to very low-income households and the Fair Market Rent are shown in **Table II-23**.

As previously mentioned, a total of 342 units in the City's assisted housing projects currently receive Section 8 subsidies. These subsidies may expire in the twelve-year period covered by this analysis. Based on the unit mix of these 342 units (160 efficiency, 157 one-bedroom, 21 two-bedroom, and 4 three-bedroom units), the total loss in rent subsidies for these units is estimated at \$1,484,736 annually, or \$123,728 monthly.

Typically, State law requires the Housing Element to evaluate the cost of replacing the at-risk housing units, compared to the cost of preserving these units. However, housing units in Santa Monica that are at risk during this analysis period are either owned by non-profit organizations and/or locked in for long-term use of the units as affordable housing; replacement of these units during this analysis period is not a relevant option.

**TABLE II-23
TOTAL ANNUAL RENT SUBSIDIES
REQUIRED TO PRESERVE AT-RISK UNITS**

Unit Size ¹	Monthly Affordable Rent ²	Monthly Fair Market Rent	Monthly Per Unit Rent Subsidy Required	No. of Units At Risk ³	Annual Subsidies Required
Efficiency	\$270	\$564	\$294	160	\$564,480
One-Bedroom	\$270	\$676	\$406	157	\$764,904
Two-Bedroom	\$385	\$855	\$470	21	\$118,440
Three-Bedroom	\$385	\$1,154	\$769	4	\$36,912
Total				342	\$1,484,736

Notes:

1. When only a portion of a project's units are covered by the Section 8 contract, the mix of these at-risk units is estimated based on the entire project's unit mix.
2. Monthly affordable rent for efficiency and 1-bedroom units based on affordability level for 1-person very low income (senior) household. Monthly affordable rent for 2-bedroom and 3-bedroom units based on affordability level for 4-person very low income (family) household.

Resources for Preservation/Replacement

The types of resources needed for preserving units at-risk fall into three categories: 1) financial resources available to purchase existing units or develop replacement units; 2) entities with the interest and ability to purchase and/or manage units at risk; and 3) programs to provide replacement funding for potentially lost Section 8 rent subsidies.

Public Financing/Subsidies: A variety of federal, state, and local programs are available for potential acquisition, subsidy, or replacement of units at-risk. Due to both the high costs of developing and preserving housing and limitations on both the amount and uses of funds, a variety of funding sources would be required. The following list identifies funding sources potentially available for preservation of at-risk housing. A detailed description of financial resources and funding amounts is included in Appendix D.

Federal Programs

- HUD Section 811 Program
- HUD Section 202 Senior Housing Program
- HUD HOME Investment Partnership (HOME) Program
- HUD Section 8 Certificate and Voucher Program
- HUD Community Development Block Grant (CDBG)
- HUD Low Income Housing Preservation and Resident Homeownership Act (LIHPRA)
- HUD Housing Opportunities Extension Act

State Programs

- Low Income Housing Tax Credits

Local Programs

- TORCA
- Housing Trust Funds
- General Fund
- Santa Monica Housing Authority Section 8 Program
- Redevelopment

Currently, HUD is developing a demonstration project that tests the financial feasibility of removing Section 8 subsidies from an affordable housing project. Under this demonstration project, HUD will provide a one-time mortgage subsidy to the project to reduce the mortgage cost to an extent that affordable rents from tenants can support the mortgage and operation costs.

Administrative Resources: An alternative to providing subsidies to private for-profit owners to maintain units as low-income housing is for public or non-profit agencies to acquire or construct housing units to replace "at risk" units lost to conversion. The City can explore prioritizing tenants that have lost their unit or rent subsidy in these at-risk buildings in new projects funded by the City. The following non-profit housing development corporations are active in developing affordable housing in Santa Monica:

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- *Ocean Park Community Center (OPCC)* - OPCC is a Santa Monica-based 501C(3) non-profit organization established to provide a comprehensive array of support services including, but not limited to, outreach, case management, transitional housing, and crisis intervention services to low income and homeless individuals. Currently, OPCC with City financial assistance, is operating a 55-bed transitional housing project serving homeless adult men and women.
 - *Community Corporation of Santa Monica (CCSM)* - CCSM was established in 1982 to develop, purchase and renovate, or facilitate the construction of housing affordable to households of low and moderate income. Currently (October 1996), CCSM is operating 567 new and rehabilitated units in Santa Monica for rental to low and moderate income persons.
 - *Retirement Housing Foundation (RHF)* - Founded in 1961 to meet the increasing demand for affordable housing for senior citizens, RHF is recognized as one of the foremost nonprofit sponsors of retirement housing in the nation. Nationwide, RHF owns and operates nearly 12,000 housing units for the elderly. The City assisted RHF in the development of a 72-unit, HUD Section 202 senior housing project located at 1121-1135 Third Street, which was completed in 1992.
 - *Menorah Housing Foundation of the Jewish Federation Council (JFC) of Greater Los Angeles* - The Menorah Housing Foundation was formed in 1969 to promote and build affordable senior citizen housing in greater Los Angeles. The Foundation currently owns and/or manages 879 dwelling units in the Los Angeles area and is the sponsor of the 66-unit HUD Section 202 senior citizen housing project proposed for 1116-1146 Fourth Street in Santa Monica.
 - *Volunteers of America (VOA), Inc.* - VOA is a national, private nonprofit organization incorporated in 1896 for the purpose of providing services at the local level in communities across the nation. During the last decade, VOA has established a national housing division to address housing issues. VOA has completed three senior HUD Section 202 housing projects in the Los Angeles area totalling 230 units. VOA is the sponsor of the 40-unit, HUD Section 202 senior housing project proposed for 2807 Lincoln Boulevard in Santa Monica.
 - *Project New Hope* - Project New Hope, Inc. is a Los Angeles-based non-profit organization incorporated in 1990 for the purpose of building affordable housing for persons disabled due to AIDS/HIV. Project New Hope is currently in predevelopment on a 25-unit supportive housing project at 1637 Appian Way. This project is anticipated to begin construction in late 1996.
 - *Upward Bound* - Upward Bound House (UBH) was incorporated as a non-denominational 501C(3) in 1990 for the purpose of developing affordable housing. This Santa Monica based non-profit is currently in predevelopment on two projects on land owned by the Methodist Church of Santa Monica. UBH proposes to construct a 70-unit affordable senior project at 1011 11th Street and a 22-unit transitional housing project for homeless families at 1020 12th Street.

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- *New Directions:* New Directions, Inc. is a west Los Angeles-based 501C(3) non-profit organization established to provide a full spectrum of quality transitional housing and drug and alcohol rehabilitation to homeless veterans. New Directions is currently in predevelopment on a 156-bed transitional/permanent housing facility on the grounds of the West Los Angeles Veterans Administration grounds.
 - *Step Up on Second:* Step Up on Second, Inc. is a Santa Monica-based 501C(3) non-profit organization established in 1986 to provide a variety of basic and supportive services to mentally ill homeless persons. Step Up on Second is operating a 36-unit single-room occupancy building. The facility is located at 1328 Second Street and houses administrative offices of Step Up as well as providing permanent housing for 36 mentally disabled persons.

11. Coastal Zone Housing

One of the goals of the California Coastal Act of 1976 was the preservation of housing opportunities in the coastal zone for low- and moderate-income households. Government Code Section 65588(d) implements this Coastal Act goal for coastal zone jurisdictions by requiring the following analyses in the housing element: 1) a review of the number of housing units approved for construction within the coastal zone after January 1, 1982; 2) the number of housing units for persons and families of low- or moderate-income provided in new housing developments either within the coastal zone or within three miles of the coastal zone; 3) the number of existing residential units occupied by persons and families of low or moderate income that have been authorized to be demolished or converted since January 1, 1982 in the coastal zone; and 4) the number of residential units for persons and families of low or moderate income that have been required for replacement of units. This section will address these requirements.

Table II-24 shows housing activities in the coastal zone. The City adopted the Land Use component of its Local Coastal Plan in October 1991 which was approved with modifications by the Coastal Commission in August 1992. Until the City and Coastal Commission approve an Implementation Plan, developments in the coastal zone must receive both City and Coastal Commission approval. There has been a significant amount of development activity in the coastal zone since 1984. Between 1984 and 1994, a total of 296 units were demolished and 1,049 new units constructed for a net gain of 753 units; 205 of the units constructed between 1989 and 1996 are affordable to low- and moderate-income households. (Specific Information on low- and moderate-income units built in the Coastal Zone between 1984 and 1988 is not available.)

**TABLE II-24
COASTAL ZONE DEVELOPMENT**

Year	Units Constructed	Units Demolished	Net Gain	Low-Income Units	Moderate- Income Units
1984	42	0	42		
1985	2	2	0		
1986	1	8	(7)		
1987	157	31	126		
1988	128	22	106		
1989	114	61	53	1	3
1990	207	91	116	0	16
1991	108	22	86	13	20
1992	165	5	160	72	0
1993	0	31	(31)	0	0
1994	125	23	102	80	0
1995	0	0	0	0	0
1996 (1/1-3/31)	0	0	0	0	0
Total	1,049	296	753	166	39

Source: City of Santa Monica Planning and Policy Analysis Division.

12. Preservation of Neighborhood Character and Quality of Life

One of Santa Monica's primary housing goals is to preserve the quality and character of its existing single and multi-family residential neighborhoods. Many of the City's policies seek to provide a balance between accommodating new development, and ensuring the compatibility of such development to preserve the character and integrity of existing neighborhoods. However, terms like "neighborhood character" and "neighborhood quality" can be broadly interpreted and mean different things to different people. The following discussion attempts to clarify these terms to provide a common understanding on which to base the City's neighborhood preservation policy.

Housing and Neighborhood Form

The City's Land Use Element contains a section describing "a vision for the future of Santa Monica". This vision statement clearly identifies the City's desire to have residential neighborhoods "retain their unique characteristics, neighborhood identities, and wide diversity..." And while both single and multi-family neighborhoods in Santa Monica contain a great mix and diversity of housing types, recurring building patterns occur within given neighborhoods which respond to that neighborhood's lot dimensions and zoning development standards. It is these recurring building patterns which constitute a key component of neighborhood character.

A variety of characteristics work in conjunction to define building patterns within a neighborhood. Key variables include lot sizes, lot development patterns and density, open space and lot coverage, building setbacks, building heights, and building architecture.

Lot Size: Existing housing development patterns are a reflection of the zoning standards which were in effect at the time the housing was built, and the inherent limitations imposed by lot size, width and depth. Different neighborhoods in the City are characterized by their typical lot size. For example the typical lot size within some Ocean Park neighborhoods is 45 feet by 85 feet, and in some neighborhoods located North of Wilshire lots are predominantly 50 feet wide and 150 feet deep, and in others, where lots have been consolidated, the neighborhood is characterized by development which has occurred on lots 100 feet wide and 150 feet deep.

Lot Development Patterns: Typical housing development patterns within any given neighborhood are related to historical precedent; lot characteristics and development standards. Consequently these development patterns vary between neighborhoods. For example, in some multifamily neighborhoods there may still be a significant number of single family homes and duplexes interspersed among newer multifamily buildings developed on similarly sized lots, whereas in other neighborhoods it may be common to find lots consolidated and developed over 50 years ago with lower density multifamily buildings located adjacent to newer multifamily buildings built at higher densities with greater lot coverage. The placement and orientation of the building(s) on the lot, the presence of courtyards, and the density of the projects are factors related to lot development patterns that contribute to neighborhood character.

Open Space and Lot Coverage: Lot coverage refers to the percent of the lot that is covered by buildings. Open space refers to the undeveloped portions of the lot, landscaped or otherwise. These two factors may be significant in neighborhoods where historical development patterns have resulted in greater amounts of landscaped open space than would be required by current development standards, or in neighborhoods where functional open space is inadequate by today's standards.

Building Heights and Setbacks: Building setbacks from property lines are meant to provide light and air to interior rooms, and increase privacy between adjacent lots and yard space.

Building Architecture: Within some Santa Monica neighborhoods certain architectural styles predominate. In cases where the predominant style stems from historical and architecturally significant buildings, the building architecture has been identified by style. For example in the Ocean Park neighborhoods, three architectural styles are predominant - the craftsman style, the Spanish/Mediterranean style and the International style. Maintenance of neighborhood character may be enhanced through continuity of architectural style.

The characteristics described above work together to define a neighborhood's overall character. And where new development is consistent with the predominant existing pattern of development it is said to be "compatible" with the neighborhood and contribute to neighborhood continuity. Conversely, where new development is not in keeping with the predominant scale and character of the neighborhood, it may be considered "incompatible", and contributes to an erosion of the established neighborhood identity and character.

Another factor to consider in preserving neighborhood character is the *rate* at which new development occurs. When new development projects are introduced in rapid succession into a neighborhood, the rate of this change in itself may disrupt the established neighborhood character. Even project which might otherwise blend in, if introduced incrementally can negatively impact neighborhood character when introduced in the context of one of many new projects in a short period of time. Neighborhood change needs to evolve over time if it is to enrich rather than disrupt the established character and ambiance.

Why Is Preservation of Neighborhood Character Important?

The goal of improving our quality of life by improving the places where we live (and work) is shared by many communities. Santa Monica's prosperity has always been fueled by the area's attractive features: proximity to the oceanfront; cohesive residential neighborhoods; hills and ocean views; historic buildings; and a diverse population. Sustaining these features are key to maintaining the high quality of life enjoyed by City residents.

Maintaining the unique character of Santa Monica's neighborhoods is important for many reasons. Number one, City residents value their neighborhoods - preserving these neighborhoods promote a "sense of place" and loyalty from residents. The community has made it clear that preserving neighborhood character is of major importance, as evidenced by the resident initiated rezonings in the late 1980s in neighborhoods where residential redevelopment was occurring at a pace and density which was destroying the established neighborhood character.

Second, design and development standards which are sensitive to existing neighborhood conditions can further environmental and social goals. For example, consistent and appropriate building setbacks provide light and air and privacy to individual rooms. Open space around units increases privacy between units, serves to reduce noise, and allows residents the use of outdoor areas as extended living space and for recreation. Consistent building heights can ensure existing residences continue to enjoy privacy, scenic views, and natural sunlight. And housing which is designed and oriented to provide residents with ample sunlight and ventilation can realize significant energy savings.

Third, preservation of existing neighborhoods can serve to maintain the City's supply of affordable housing. In areas where existing development densities are equivalent to the maximum permitted under zoning, the pressure to redevelop existing housing is reduced.

This reduced development pressure can serve to assist in preserving the City's dwindling supply of older, lower cost units, including units currently subject to the City's rent control ordinance.

The City regularly reviews and revises its development standards to promote greater compatibility of new development with existing uses. In addition, the City has adopted and implements Architectural Review Design Guidelines to address issues of architectural compatibility, streetscape quality, privacy, security, natural light and ventilation, open space and landscaping. The City frequently utilizes identified neighborhoods - e.g. Ocean Park, North of Wilshire - as key elements in creating plans and programs to maintain the character and quality of existing housing and housing environments.

D. INVENTORY OF LAND SUITABLE FOR RESIDENTIAL DEVELOPMENT

By law, the Housing Element is required to provide an inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment.

1. Vacant Land

Table II-25 documents the current (November 1995) number of vacant parcels and associated acreage in each of the City's residential zones, and calculates the residential development potential on each of these parcels.

The vacant land inventory was compiled based on the following three sources: December 1993 aerial photographs; July 1995 tax assessor's records of vacant parcels; and demolition permits issued between June 1993 (6 months prior to the aerial photographs) and November 1995. A combination of field checks and review of building permit data was conducted to eliminate any parcels where new building had occurred, or was in the process. This site inventory identified a total of 62 vacant residential parcels in the City, comprising 13 acres.

Once the inventory of vacant parcels was confirmed, the parcel size and applicable zoning for each parcel was determined and the maximum number of dwellings allowed on each parcel - not including the State density bonus - were calculated. The results indicate that there is a capacity for 302 additional residential units on vacant, residentially zoned land. The majority (283 units) of this development capacity is on multi-family zoned property, with over one-third of potential units (111 units) occurring on R3 and R4 properties with densities of 35 units/acre and above. A map generally indicating the location of vacant residential parcels is included in Appendix C of the Element.

**TABLE II-25
RESIDENTIAL DEVELOPMENT CAPACITY
ON VACANT PARCELS, BY RESIDENTIAL ZONE**

Zone Districts	# Parcels	Sq. Ft.	Acreage	Allowable Density	Potential Units
NWR2 - North of Wilshire Low Density	3	22,492	.52	1,500 sf/unit	15
OP2 - Low Multiple	1	5,933	.14	2,000 sf/unit	3
R1 - Single Family	16	154,935	3.6	1 du/parcel	16
R2 - Low Density Multiple Residential	25	238,837	5.5	1,500 sf/unit	145
R2A - Low Density/ Parking Overlay	1	10,000	.23	1,500 sf/unit	7
R2B - Low Density Beach District	2	7,626	.18	1,500 sf/unit	5
R3 - Medium Density	12	96,530	2.2	1,250 sf/unit	77
R4 - High Density	2	30,780	.7	900 sf/unit	34
TOTAL	62	567,137	13.0		302

Source: City of Santa Monica, Policy and Planning Analysis Division, November 1995.

Note: Excludes vacant parcels with building permits or recent planning approvals for development.

2. Underutilized Sites

In addition to development on vacant land, there also is substantial potential in Santa Monica for residential redevelopment on sites that are currently developed at densities below those permitted under zoning. The majority of residential growth has occurred in the City in recent years through this type of "intensification" of underdeveloped parcels.

Using the City's geographic information system (GIS), City staff calculated the additional units possible on underutilized parcels in multi-family zones. More specifically, the analysis assigned a divisor to each zone based on the allowable density, calculated the allowable units based on parcel size (rounding up at .5 or above), and then calculated the number of potential net new units based upon the difference between existing and allowable units. For all multi-family zones except R2R, the analysis assigned only one allowable unit to each parcel under 4,000 square feet; in the R2R zone, all parcels were assigned an allowable density of 2 units/parcel. No density bonus was assumed.

This analysis documents a "theoretical" capacity for 6,032 potential net new units on underdeveloped, multi-family zoned parcels. **Table II-26** illustrates how these potential units are distributed among the City's various multi-family zoning districts. By comparison, the City's 1993 Housing Element calculated a theoretical capacity for 7,769 multi-family units on underutilized parcels. The difference in these figures is due primarily to a

refinement of the City's GIS database to integrate existing unit data from the City's Rent Control database, rather than using assessor parcel data.¹³

In order to translate this "theoretical" potential for residential recycling into an assessment of sites that have a realistic potential of redeveloping during the 1998-2003 planning period, the City examined its recent history of residential recycling to assess the following factors: 1) the age of the original structure(s) on underutilized parcels in the City's multi-family zones that redeveloped between 1989-1995; 2) the density of projects approved between 1989-1995 on previously underutilized parcels compared to the maximum density permitted for these parcels; and 3) the ratio of new units to replaced units for projects approved between 1989-1995.

Age of Existing Structure(s)

Parcels developed with older structures tend to be developed at densities that are lower than what currently is allowed by zoning, and in most cases have lower economic value than newer, larger structures. Because of these combined factors, these are parcels most likely to be recycled. As a means of determining a realistic age at which residential buildings in Santa Monica may to be recycled, City staff reviewed over 130 residential projects developed on underutilized parcels in the City between 1989 - 1995. Seventy-six percent of the original buildings on these underutilized parcels were constructed before or during 1941, with nine percent built during the 1940's but in the late 1940's, 14 percent built in the 1950's, and only one percent built after 1959.

Based on this empirical review of projects developed on underutilized parcels in Santa Monica, City staff concluded that parcels developed with units built prior to 1942 are those which are *most likely* to recycle to higher densities as permitted by zoning. Consequently, only these parcels are included in the adequate site inventory.

Ratio of Actual Approved Density to Maximum Permitted Density

The analysis of theoretical residential development potential on underutilized parcels assumes each parcel is built to its maximum capacity, excluding the state density bonus. In order to check the validity of this assumption, staff reviewed a cross-section of 45 multi-family development applications proposed on underutilized parcels between 1989 - 1995. The sample includes only approved projects, and reflects a diversity in terms of size (parcel size and number of units), applicable zoning district, and date approved.

The average ratio of the actual approved density of these 45 projects (including approved density bonus units) to the maximum units permitted under zoning (excluding potential density bonus units) is .98. That is, development on underutilized parcels is essentially occurring at the maximum permitted density. Because this ratio is essentially 1.0, the City

¹³ Appendix E compares the densities permitted under present zoning to the densities established by the City's Land Use Element. The City's "theoretical" capacity is based solely on the City's present zoning, however.

assumed that each parcel would be built to 100 percent of its capacity in its analysis of theoretical and more realistic recycling scenarios.

Ratio of New to Replaced Units

City staff also evaluated whether there is a minimum threshold ratio of allowable-to-existing units that is an economic pre-requisite to recycling. While a review of projects approved between 1989 - 1995 indicates that the average ratio of new to existing (recycled) units is 3.3 to 1, data indicates that this ratio does not represent a minimum recycling threshold but instead reflects the typical ratio of new-to-replaced units based upon historical development patterns and existing zoning. Because of historic development patterns and previous zoning, older parcels in the City tend to contain one, two, or three units. These developments typically are replaced with five or six units because that number is what current zoning permits on a typical parcel size of 7,500 square feet under R2 zoning standards. Therefore, while the 3.3 ratio may be typical, it does not appear to represent a threshold below which recycling would not occur. In fact, data from the City's historical development record indicates that it was not uncommon for developers to replace two- or three-unit buildings with projects that netted only one or two units. In some instances, developers were willing to replace units one-for-one or even lose units. Projects were constructed which replaced pre-existing units one-for-one or even resulted in the loss of units.

Summary of Realistic Development Potential on Underutilized Sites

In conclusion, of the three factors evaluated - age, ratio of actual to permitted density, and ratio of new to replaced units - only age appears to be a real consideration in determining whether a parcel will recycle to higher densities. Therefore, in order to refine the City's theoretical buildout analysis to determine a more realistic potential for recycling, the City's GIS system was programmed to only include development potential on underutilized parcels where the existing structure was constructed prior to 1942. This results in a more realistic development potential on underutilized sites of 2,412 units, and represents approximately forty percent of the total theoretical capacity of 6,032 units (refer to Table II-26).

**TABLE II-26
POTENTIAL FOR NEW RESIDENTIAL DWELLING UNITS
ON UNDERUTILIZED, MULTI-FAMILY ZONED LAND**

Zone	Theoretical Unit Potential	Number of Parcels with Realistic Unit Potential	Realistic Unit Potential¹
NW-R2	375	97	204
NW-R2A	3	2	3
NW-R3	134	12	37
OP-DU	8	6	6
OP2	718	222	381
OP2+B	2	1	1
OP3+B	14	3	5
OP4	6	3	5
OP4+B	225	0	0
R2	3,544	618	1,382
R2A	22	4	9
R2B	7	1	7
R2B+B	201	31	172
R2R+B	29	26	26
R3	449	47	147
R3+B	4	2	4
R3A	4	1	4
R3R+B	8	1	8
R4	279	2	11
TOTAL	6,032	1,079	2,412

¹ Assumes recycling will occur only on parcels on which existing structures were built in 1941 or before.

3. Non-Residential Zones

In addition to the potential for new housing in residential zones, the City permits residential development in all commercial zones.¹⁴ Moreover, in the BCD, BSC, C2, C3, C3C, C4, and C6 districts, the City offers density and height incentives for development of housing. The City's Inclusionary Housing Program (Ordinance #1615) allows payment of in-lieu fees to fulfill low income unit requirements where there is no loss of existing affordable housing, thereby providing an additional incentive for residential development in commercial areas. Residential development standards in commercial zones and special incentives for housing are described in detail in Section III - Potential Constraints on Housing Production and Conservation.

The City has been successful in encouraging residential development in its commercial zones, both as free-standing multi-family developments and as mixed use projects integrated with commercial and/or office uses. Review of certificates of occupancy records indicate that over the previous Housing Element cycle (July 1989 - March 1996), a total of 255 multi-family units were completed in commercial zones. Of these, three projects totaling 125 units are 100% affordable to low and moderate income (100% of median) households. Projecting this same rate of residential development activity in the City's commercial zones (36 units/year) over the 1998-2003 Housing Element cycle, an estimated 180 multi-family units could be expected to be developed.

The City has prepared an analysis of sites in commercial districts (C2, C4, C3, C3C, C4, C6, CM) which would be most likely to recycle during the planning period due to the age and/or condition of the existing structures, or due to the potential for a substantial intensification of the existing use(s). Considering the incentives the City has in place for residential development in commercial zoning districts, it is quite likely that some portion of these parcels, which total in area over 70 acres, will be developed as residential projects or include some residential units.

The number of potential residential units is unrestricted in these commercial districts, however, the size of projects is determined by FAR. Each project will have a different mix of residential and commercial uses depending on the developers' project objectives. Although it is difficult to estimate the actual number of residential units which could be accommodated on these sites, **Table II-27** provides a preliminary assessment of the residential potential based on an assumed 10% residential mix, a 30% residential mix, and a 100% residential mix in buildings built to the maximum FAR permitted. The number of units were calculated based on the maximum FAR, adjusted by 15% to account for "non-leasable" space, and an average 1200 square foot unit size.

This preliminary investigation indicates that if these commercial properties were to be redeveloped during the planning period and devoted 10% of the floor area to residential use, between 228 and 249 residential units would result. If the same properties were to be redeveloped with 30% residential use (the threshold for density incentives in the C2, C4, and

¹⁴ Residential development in C5 and M1 zones requires a Conditional Use Permit. All other commercial zones permit residential development by right.

C6 zoning districts), between 836 to 1034 residential units would be developed. For comparison purposes, if these properties were to be redeveloped as 100% residential projects, between 2,786 and 3,445 units would be developed. As discussed, each project will have a different mix of uses. These calculations have been prepared for illustrative purposes.

TABLE II-27
RESIDENTIAL UNIT POTENTIAL IN COMMERCIAL ZONES
UNDER VARYING DEVELOPMENT SCENARIOS

Commercial Corridor	District	10% Residential	30% Residential	100% Residential
Lincoln	C4	16 - 39	68 - 84	225 - 282
Pico	C2	33 - 39	140 - 165	468 - 551
Santa Monica	C4	46 - 51	198 - 228	660 - 761
Wilshire	C6	21 - 25	92 - 105	307 - 350
Main Street	CM	15 - 20	44 - 59	147 - 196*
Downtown	C3, C3C	98	294 - 392	979 - 1306*
Total		228 - 249 units	836 - 1034 units	2786 - 3445 units

* Certain zoning districts restrict the use of ground floor frontage and would prevent a project from being 100% residential.

In addition to the more typical small-to-medium scale residential projects in commercial zones, the City also has several unique large-scale mixed-use areas where residential development is likely to occur during the planning period. These include both specific plan areas, sites with known entitlements, and large-scale mixed-use projects in the plan review stage. These can generally be described as follows:

Civic Center Specific Plan

- The 1993 *Civic Center Specific Plan* designates an area where up to 350 residential units can be developed. Specific Plan policies encourage residential units for large families, and require that a minimum of thirty percent of the units be made affordable to low and moderate income households. The Civic Center Specific Plan also permits up to 35,000 square feet of live/work space on the ground floor of the area designated for mixed-use.

Downtown

- The City adopted the *Bayside District Specific Plan* in January 1996 to further the goal of reinforcing Downtown as the focus of the City supporting the greatest concentration of activity. The Specific Plan establishes a new zoning district - the "Bayside

Commercial District" (BSC) - intended to provide for a concentration of retail, entertainment, office and housing uses in addition to complementary uses such as hotels and cultural facilities. The development standards for the BSC District are intended to permit a greater amount of floor area per parcel than other zoning districts, and include Floor Area Ratio's (FAR's) ranging from 2.0 to 3.5. The BSC District includes significant incentives for the inclusion of residential uses, including FAR and height bonuses. While residential and mixed use development opportunities in the Bayside District are significant, for purposes of the Housing Element, based upon the amount of vacant or undeveloped parcels in the district, and the rate of general inquiries received by the City concerning potential residential development, the City has estimated that there is a more realistic potential for the development of *100 multi-family units* in the greater downtown area during the 1998-2003 planning period.

Development Agreements

- The City has entered into an amendment to a pre-existing Development Agreement with the developer of the "*Arboretum*" project, which allows for a maximum of 760 residential units to be built. The developer currently intends to build at least 442 multi-family dwelling units in this planning period. The required 30 percent inclusionary units (half at 60% MFI and half at 100% MFI) currently are proposed to be built entirely on-site, although the Development Agreement does provide an in-lieu fee option for a portion of the required affordable units.

Projects Undergoing Planning Review

- An application has been filed for a project to be located at *3000 Nebraska* (Santa Monica Studios) consisting of an innovative live/work project on a 50,000 square foot parcel in the LMSD zone district. The proposed project will include 111,000 square feet of work-live units (*approximately 75 units*), and 282,000 square feet of production office space, including stages. This project is expected to be completed in late 1998.

4. Projects Currently Under Development

The residential site inventory also needs to account for projects in various stages of development and likely to be completed during the 1998-2003 Housing Element planning period. (Projects with planning approvals expected to be completed prior to 7/98 are evaluated separately in the analysis of adequate sites for the 1989-1998 period, contained in Appendix C of the Element). Five projects have been identified, totaling 207 net units, likely to be developed after July 1998. Each of these projects is receiving some form of public assistance, and will result in 66 very low income units, 75 low income units, and 66 moderate income units. Staff has cross-checked addresses on these projects and removed their acreage and unit potential from the inventory of vacant and underutilized sites.

5. Availability of Public Services and Facilities

As part of determining the adequacy of sites for housing, the Housing Element must consider the availability of public services and facilities to serve future housing development. Santa Monica is a highly urbanized community, with public facilities in place to serve development throughout the City's multi-family and commercial zones. Sites designated for residential development are already served by sewer lines, water lines, streets, storm drains, gas and electrical lines, with existing systems periodically upgraded as needed. The following summarizes the adequacy of the City's water, street, sewer, and storm drainage systems to support development, as excerpted from the City's 1996 Master Environmental Assessment (MEA).

Water System

Water for the Santa Monica service area is supplied from both groundwater and imported sources. Water system storage is provided by the City's four reservoirs - Arcadia, Riviera, San Vicente, and Mount Olivette.

The City's water system operates adequately to meet the domestic needs, and supplies sufficient fire suppression pressure to provide the needed range of fire flows. The City's water conservation efforts are expected to offset the cumulative impact of water demand due to currently proposed and approved development projects. The City also maintains an active capital improvement program for water main replacement; the entire system will be replaced approximately every 50 years.

Street System

As part of the MEA, the City prepared a forecast of future levels of service at intersections based on existing conditions, traffic trends, proposed and approved development projects, and improvements to be implemented. The results of the forecast indicate that between 28 and 39 intersections in the City will operate at levels E or F (congested) in the year 2005.

Street improvements will continued to be required as conditions of project approval to mitigate development impacts on the City's street system. In addition, the City is in the process of updating the Circulation Element of the General Plan. This update will include a comprehensive evaluation of existing policies and programs to address issues identified in the MEA.

In addition, the Environmental and Public Works Management Department, Street Maintenance and Engineering Division repairs damaged streets, curbs, gutters, and sidewalks, and the Electrical Division repairs and replaces streetlight. The City often assesses residential and commercial property owners for the cost or a percent of the cost of repairs and reconstruction. However, depending upon the availability of CDBG funds, low/moderate income residents may be eligible for assistance through the Public Works Assessment Assistance (PWAA) program. The program offers financial assistance according to the following sliding scale:

<i>Cost of Repair Assessed by City</i>	<i>City Assistance</i>
\$1 - \$500	100%
\$501 - \$1,000	75%
\$1,001 or above	50%

Sewer System

The local sewer collection system is owned by the City of Santa Monica, and is managed, operated, and maintained by the Utilities Division of the City's General Services Department. Sewer flow is treated at the City of Los Angeles' Hyperion Treatment Plant located approximately 4 miles southeast of Santa Monica.

Periodic problems encountered in the operation of the City's sewer system consist of mains that have exceeded their capacity during peak flow periods, mains experiencing root infestation, and main capacity reduced by an influx of grease and sand. The hydraulic analysis of the year 2000 wet weather flow also revealed hydraulically deficient segments in the collection system. Implementation of the City's ten-year capital improvement program will ensure that the City is able to meet its future sewer needs.

Storm Drains

The storm drain system in Santa Monica is comprised principally of pipes and channels owned and operated by the City of Santa Monica and the County of Los Angeles. The Kenter Canyon Drain, which serves areas in Brentwood and West Los Angeles, runs through the City and discharges at Santa Monica Beach into the bay. This drain is presently undersized and incapable of accommodating the runoff from a 50-year storm. A parallel drain is currently being considered by the Los Angeles County Department of Public Works. Because of this important deficiency, the City of Santa Monica Department of Environmental and Public Works Management has for the last several years required large developments to install detention facilities onsite to reduce runoff during peak flow periods. Additionally, the City Council passed an ordinance requiring all developments to reduce runoff quantities by 20 percent as a condition of project approval.

Conclusion

In conjunction with ongoing capital improvement projects, existing City ordinances, and project-specific mitigation conditions of approval, existing infrastructure is sufficient to accommodate development on all sites identified in the inventory.

6. Summary of Residential Development Potential

Table II-28 summarizes the City's inventory of adequate sites for the 1998-2003 period. This inventory includes vacant and underutilized parcels, parcels in non-residential zones, and projects currently under development.¹⁵ The City has a total inventory of 4,068 dwelling units. Comparing this inventory with the 3,219 dwelling units identified as Santa Monica's fair share of regional housing needs (refer to Section II.E., Table II-28), the City presently has a residential development capacity that adequately addresses the City's projected share of regional growth.

The City also provides development opportunities to address the City's identified regional housing need of 1,369 lower-income housing units. More specifically, the City's adequate site inventory provides for 1,643 units at densities of 35 units per acre and above, the minimum density threshold generally associated with unit affordability in urban areas. In addition, Proposition R requires that 30 percent of all new multi-family housing be affordable to low and moderate income households.

¹⁵ For comparison purposes, the City also prepared an analysis of adequate sites for the 1989-1994 planning period (refer to Appendix G).

TABLE II-28
CITY OF SANTA MONICA
1998-2003 INVENTORY OF ADEQUATE SITES

Zone District	Development on Vacant Land		Development on Underutilized Land		Development on Non-Residential Sites (DU)	Projects Under Development	Total Realistic Development (DU)
	Acres	DUS	Theoretical Development (DU)	Realistic Development (DU)			
R-1 (1 du/parcel)	3.60	16					16
R-2 (29 du/ac)	6.43	172	4,182	1,803		75	2,050
R-3 (35 du/ac)	2.20	77	599	200		66	343
R-4 (48 du/ac)	0.70	34	279	11			45
OP-Duplex (2 du/parcel)			8	6			6
OP-2 (22 du/ac)	0.14	3	720	382			385
OP-3 (29 du/ac)			14	5			5
OP-4 (35 du/ac)			231	5			5
Commercial Zones					797	66	863
Specific Plans					350		350
TOTALS	13.0	302	6,032	2,412	1,147	207	4,068

E. FUTURE HOUSING NEEDS¹⁶

1. Background to Santa Monica's "Fair Share" Housing Need Estimate

California's Housing Element law requires that each city and county develop local housing programs designed to meet its "fair share" of existing and future housing needs for all income groups, as determined by the jurisdiction's Council of Governments, when preparing the State-mandated Housing Element of its General Plan. This "fair share" allocation concept seeks to ensure that each jurisdiction accepts responsibility for the housing needs of not only its resident population, but also for those households who might reasonably be expected to reside within the jurisdiction, particularly lower-income households, were there a variety and choice of housing accommodations appropriate to their needs.

In the six-county Southern California region, which includes Santa Monica and all other incorporated cities and unincorporated areas in Los Angeles County, the agency responsible for assigning these fair share targets to each jurisdiction is the Southern California Association of Governments (SCAG). The fair share allocation process begins with the State Department of Finance's projection of Statewide housing demand for a five-year planning period, which is then apportioned by the State Department of Housing and Community Development (HCD) among each of the State's official regions. Councils of Government, such as SCAG (or HCD itself if a region does not have a Council of Governments) then further allocate its assigned regional shares among its member jurisdictions.

Jurisdiction-specific fair share allocations were prepared by SCAG in 1983 and in 1988.¹⁷ SCAG was scheduled to prepare a new Regional Housing Needs Assessment in 1993, covering the 1994-1999 planning period. SCAG's ability to do so, however, is dependent on the State Legislature appropriating funds for it, because this obligation has been determined to be a State-mandated local program for which compensation is required under the State Constitution. In 1992, however, the Legislature chose not to provide funds for such mandated activities. SCAG (and the other Councils of Government throughout the State) has taken the position that without these required funds, its obligation to prepare a new "fair share" allocation for member jurisdictions in Southern California, including Santa Monica, is suspended. Subsequent legislation was adopted in 1993 to postpone the due dates for the next round of Housing Element updates (i.e., to June 30, 1996 in the SCAG region) in recognition of the inability of Councils of Governments to produce the required fair share allocations, but no funds to prepare the fair share calculation were provided. In April 1996, the Legislature postponed the Southern California due date for another two years, but still did not provide funds for the fair share calculation process.

Despite this situation, Santa Monica has elected to proceed with an update of its Housing Element now to address the new 1998-2003 planning period. It has also elected to prepare

¹⁶ Santa Monica's "Fair Share" Housing Need Estimate was prepared by HR&A. See Technical Appendix.

¹⁷ The 1983 version was called the Regional Housing Allocation Model; the 1988 version was called the Regional Housing Needs Assessment.

its own estimate of the City's fair share of regional housing need. Inasmuch as HCD has previously approved SCAG's approach to making fair share allocations, the estimate for Santa Monica's Element is intended to be consistent with the approach SCAG would have used had the Legislature funded it to do so.

2. Overview of the SCAG Fair Share Allocation Process

Briefly stated, a local jurisdiction's "fair share" of regional housing need is the number of additional dwelling units that will need to be constructed in the jurisdiction in order to house the anticipated growth in the number of households, replace expected demolitions and conversions of housing units to non-housing uses, and achieve a future vacancy rate that allows for the healthy functioning of the housing market, over a specified time period. This fair share must be allocated by four household income categories used in Federal and State housing programs -- very low-income, low-income, moderate-income and upper-income.¹⁸ The allocations are further adjusted to avoid an over-concentration of lower-income households in any one jurisdiction. The fair share allocation must also consider the existing "deficit" of housing need due to the number of lower-income households who are currently paying more than 30 percent of their incomes for housing costs, which is the limit used by the Federal government to define when housing is "affordable."

SCAG's Regional Growth Forecast

In the process of making jurisdiction-specific allocations, Councils of Government must consider market demand for housing, employment opportunities, the availability of suitable sites and public facilities, commuting patterns, type and tenure of housing need, and the housing need of farm workers. In the SCAG region, these factors are all explicitly taken into account in the preparation of SCAG's regional growth forecast, which is the basis not only for the Regional Housing Needs Assessment, but also for the Air Quality Management Plan prepared by the South Coast Air Quality Management District, and SCAG's Regional Transportation Plan. The regional forecast of population, household and employment growth is developed every few years by SCAG using sophisticated computer models.

For the most recent official forecast, adopted in April, 1994, SCAG relied on the results of the 1990 census, among other data, and the DRAM/EMPAL forecasting models.¹⁹ These are two spatial interaction models designed to project small-area distributions of employment and housing, and to capture the interaction of transportation and land use variables. The models' growth allocations to each jurisdiction are then fine-tuned through review

¹⁸ These are defined operationally as households earning up to 50%, 80%, 120% or more than 120% of the Los Angeles County median family income, respectively, with adjustments for family size. Applicable income thresholds are published each year by the U.S. Department of Housing and Urban Development and HCD. "Very low-income" and "low-income" households are also referred to collectively as "lower-income" households.

¹⁹ "DRAM" stands for Distributed Residential Allocation Model; "EMPAL" stands for Employment Allocation Model.

discussions with jurisdiction representatives. By the year 2000, the most recently adopted SCAG regional growth forecast predicts that Santa Monica will have a population of 98,234, a total of 48,805 households and 83,767 jobs. The household growth forecast is equivalent to an average of 395 new households each year over this 10-year period. The 1994 SCAG regional growth forecast is now in the process of being revised and extended to the year 2020. The baseline projection issued in February 1996 includes 48,755 Santa Monica households in the year 2000, or 50 fewer households than the adopted 1994 forecast.

SCAG's Approach to Estimating "Existing Housing Need"

In previous fair share allocations SCAG has defined "existing housing need" in terms of two factors. The first is the number of lower-income households in each jurisdiction who are currently "overpaying" for housing (i.e., paying more than the Federally-defined threshold of 30% of household income), by tenure type (i.e., renters and owners). SCAG's procedure has been to assume, for lack of any more current data, that the distribution of households by income and by overpayment status are the same as the most recent decennial census. Thus, both the 1983 and 1988 allocations assumed the household income distributions found in the 1980 census. According to SCAG, Santa Monica had 11,187 lower-income households who were "overpaying" for housing costs in 1980, including 482 owners and 10,705 renters. These proportions were applied to the 1988 estimate of Santa Monica's total fair share of regional housing need for the 1989-1994 Housing Element planning period.

The second factor used to estimate existing housing need is the number of housing units that would have to be added to the jurisdiction's housing stock to maintain a healthy balance between occupied and vacant units in the housing market. HCD establishes a vacancy rate of two percent for single-family homes and five percent for multi-family units as the ideal thresholds for a well-functioning housing market. To the extent that existing vacancy rates fall below these benchmarks, additional units need to be constructed as part of the regional fair share allocation. In 1988, SCAG determined that Santa Monica had a vacancy rate-related housing "deficit," due to sub-par vacancy rates, of 840 units.

The Estimate of Future Housing Need

SCAG has previously estimated each jurisdiction's future housing need in terms of four factors: (a) the number of units needed to accommodate forecasted household growth; (b) the number of units needed to replace demolitions due to attrition in the housing stock (i.e., fire damage, obsolescence, redevelopment and conversions to non-housing uses); (c) maintaining an ideal vacancy rate for a well-functioning housing market; and (d) an adjustment to avoid an over-concentration of lower-income households in any one jurisdiction.

The future need for housing based on household growth is derived from SCAG's regional growth forecast. HCD recommends a flat rate factor of 0.2 percent for replacement, but SCAG has used instead the average rate of demolition in each jurisdiction for the three years immediately preceding the initial year of the fair share allocation period. The ideal vacancy rates are the same as those noted above. Avoiding over-impaction was accomplished in 1988 by moving each jurisdiction's fair share allocation 25 percent of the way toward the regional average proportion of lower-income households.

The City of Santa Monica's 1993 Housing Element was based on SCAG's 1988 Regional Housing Needs Assessment (RHNA) allocation, which included a fair share goal of producing 3,220 net new units, about 42% of which were intended for lower-income households, during the 1989-1994 planning period. Santa Monica concluded that SCAG's household growth estimate for the City from 1989 to 1994 (from 45,741 to 47,480) was unrealistically high, and chose to plan instead for a housing objective target of 1,150 units. The City's skepticism of the SCAG forecast has been borne out by actual change in the number of Santa Monica households. SCAG now estimates that Santa Monica actually had 45,921 household in 1994, for an increase of 180 households since 1989, instead of the forecasted increase of 1,338 households on which the 1988 RHNA was based.

3. The 1998-2003 Santa Monica Fair Share Estimate

The fair share estimate for the City of Santa Monica for the 1998-2003 planning period was developed using the same basic calculation approach used by SCAG for the 1988 Regional Housing Needs Assessment, but using more current data from the 1990 census, post-1990 data from the Department of Finance, and SCAG's 1994 regional growth forecast.

The principal steps in preparing the estimate were the following:

Existing Housing Need

Size and Composition of the City's Occupied Housing Stock on July 1, 1998. The calculation begins with an estimate of the City's occupied housing stock (i.e., number of households) on July 1, 1998. This was estimated by projecting forward the average change in the City's stock between April, 1990 (the U.S. Census estimate) and January 1, 1996, and adjusting to July 1, according to data prepared by the Department of Finance (DOF). This resulted in an estimate of 48,296 occupied housing units in the City as of July 1, 1998. Of this total, it is estimated that there will be 12,385 owner-occupied units and 32,985 renter-occupied units.

Household Income Distribution. Consistent with SCAG's approach, it is estimated that the distribution of households by income groups over the planning period will be the same as the distribution found in the 1990 census. These are: 18.1 percent lower-income owners and 81.9 percent moderate- and upper-income owners; 42.3 percent lower-income renters and 57.7 percent moderate- and upper-income renters. Using Public Use Microdata Sample data from the 1990 census, a more precise distribution was then made of the proportion of households at each of the household income thresholds used for housing programs in Santa Monica.

Vacancy Rates. Also consistent with SCAG's approach, it was further assumed that the vacancy rates for single-family homes, multi-family units and other housing (i.e., seasonal dwellings) would be the same on July 1, 1998 as they were in 1990, according to the U.S. Census. Other sources of post-census vacancy rate data were investigated, including idle utility meters and surveys of unoccupied units conducted by the U.S. Postal Service, but it was concluded that each alternative data source had serious methodological weaknesses

which did not warrant their use in lieu of the census estimates. Thus, the fair share estimate assumes a vacancy rate of 2.77 percent in the for-sale housing stock, 2.35 percent in the rental stock, and 3.68 percent in the City's total housing stock as "other" vacant units.

Comparing HCD's "ideal" vacancy rates with those assumed for July 1, 1998, indicates a total existing housing supply "deficit" of 842 units in Santa Monica, reflecting a surplus of 100 single-family units (i.e., higher-than-required vacancies) and a deficit of 942 for-rent units (lower-than-needed vacancies).

Future Housing Need

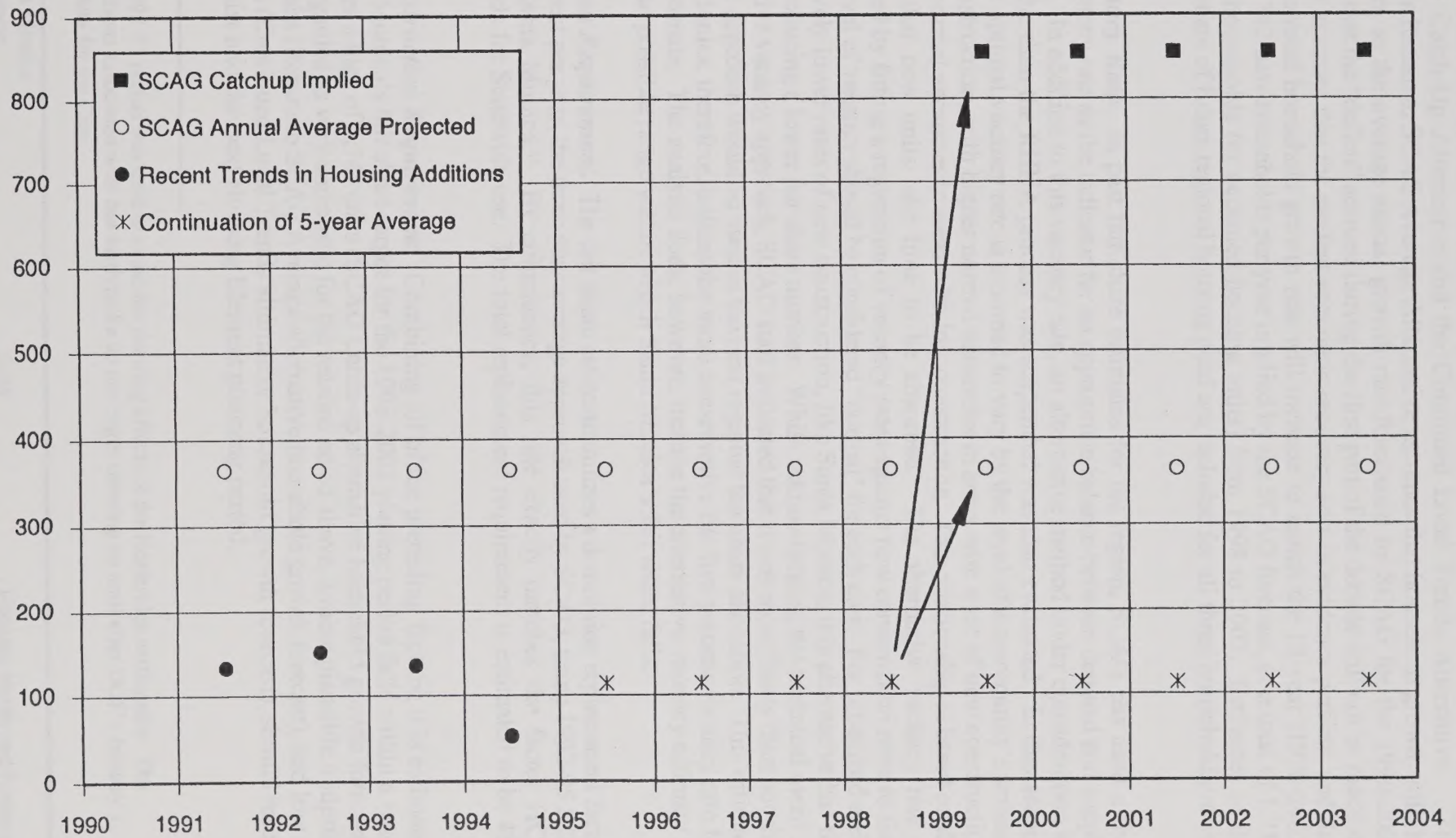
Household Growth Forecast. A key component of the fair share estimate is the assumption about household growth over the planning period. SCAG's adopted 1994 forecast, which was prepared mid-way through the recent recession and before the full effects of the Northridge earthquake were known, envisioned a total of 48,805 households in Santa Monica as of the year 2000, or an average annual growth of 392 households between 1990 and 2000. The Department of Finance estimates that over the 1990-96 period (i.e., over half the decade) the City actually gained an average of only 99 households per year. Assuming this same annual rate of growth to July 1, 1998 means the City would need to add 804 net new households per year to reach the forecast for 2003,²⁰ or about *eight times* the number of households actually added in each of the last six years. This "SCAG Catch-Up Alternative" is highly unlikely in view of the City's growth rate over the past several decades. In fact, the revised regional forecast now in preparation at SCAG revises the City's year 2000 forecast downward.

In view of this, two alternative forecasts to 2003 were considered for this regional fair share estimate, which are compared with the SCAG Catch-Up Alternative in **Figure II-11** on the following page in terms of housing *units*. One alternative is that household growth from 1996 to 2003 will continue at the same average annual rate of actual household growth from 1990 to 1996. This "Continued Local Trends Alternative" produces the lowest growth over the projection period. Its future rate of growth is based on actual household growth over the past five years, including the 1990-1993 recession and other factors that adversely affected the Southern California real estate market, and whose influence may persist into the early years of the 1998-2003 planning period.

²⁰ SCAG's forecast is published for 10-year time increments (e.g., 1990, 2000 and 2010). The forecast for 2003 was derived from a straight-line interpolation between the forecast for Santa Monica households in the year 2000 and in 2010.

Figure II-11

Annual Estimated and Projected Net Housing Additions
Recorded Mid-Year for the Preceding 12 Months



Another alternative adopts an intermediate assumption between the growth rate implied by the SCAG Catch-Up Alternative and the Continued Local Trends Alternative. The intermediate Return to SCAG Average Alternative assumes that household growth will, by 1998, return to the average annual growth rate forecasted by SCAG for the 1990-2003 period, but that the “deficit” accrued during the first part of the decade will not be made up by 2003. It assumes that the modest economic recovery now in evidence persists, and that the City’s annual household growth rate will increase to match the 13-year (1990-2003) average of 342 new households per year implied by the SCAG forecast, or a total of 1,710 additional households (or occupied housing units) from 1998 to 2003. Estimates of the City’s fair share of future regional housing need are included for all three household growth forecasts.

Ideal Vacancy Rate. In past fair share estimates for the region, SCAG has used a five percent vacancy rate as the indicator for an appropriate balance between demand and supply of housing. In addition to this vacancy rate, an alternative method under consideration by SCAG at the time the RHNA process was suspended was also evaluated. In this second method the optimal vacancy rate is assumed to vary by the level of a community’s volume of new construction, with higher normal vacancies in areas with a lot of new construction and lower normal vacancies in areas with low construction. This relationship is based on the reasoning that new units take time to be absorbed. The alternative vacancy rate is implemented by fitting a regression of vacancy rates against new construction rates to find out what level of vacancy should be considered “normal” for each area. For urbanized areas with relatively lower rates of new construction, like Santa Monica, this alternative has the effect of producing a lower fair share number. While acknowledging the technical merit of the alternative vacancy approach, SCAG staff indicated that it was more likely than not that the flat rate approach would be used in the next regional fair share allocation. This estimate for Santa Monica, therefore, utilizes the more conservative flat five percent vacancy rate for the final estimate. The analysis does, however, include the alternative vacancy estimate to illustrate the possible range within which Santa Monica’s fair share falls.

Replacement Requirement. The fair share estimate utilizes a demolition replacement factor of 0.2 percent per year, the three-year average approach used by SCAG, using 1992-95 DOF data for Santa Monica.²¹ By coincidence, this rate exactly matches the factor HCD recommends for Statewide use. The total replacement requirement is estimated to be 483 units.

Total Construction Requirement. Combining all of the preceding factors, it is estimated that Santa Monica’s fair share target for the 1998-2003 planing period falls within a range that includes a high of 5,747 units (SCAG Catch-up alternative household growth forecast), which is regarded as very unrealistic for the reasons noted above, a more plausible midpoint of 3,219 units (Return to SCAG Average alternative household growth forecast), and low of 1,918 units (Continued Local Trends alternative household growth forecast), should recent trends persist into the next Housing Element planning period.

²¹ The 1992-95 period was used to avoid the skewing effects of the Northridge earthquake. The demolitions associated with that earthquake do not begin showing up until after DOF’s January 1, 1995 data for the City.

Distribution of Fair Share Target by Income Category. Based on a combination of the 1990 income group distribution and SCAG's impact-avoidance approach of moving each jurisdiction 25 percent of the way toward the regional average number of lower-income households, and distributing the "other" units into owners and renters according to their relative proportions, results in the distribution shown in **Table II-29** for each of the three "fair share" estimates based on alternative household growth forecasts.

Table II-29
Estimate of Santa Monica's Fair Share of Regional Housing Need,
By Household Income Group, for Three Alternative Household Growth Forecasts,
1998-2003

Tenure	Percent of L.A. County Median Family Income						
	0-30%	31-50%	51-80%	81-95%	96-120%	120+%	Total ¹
FAIR SHARE BASED ON SCAG CATCH-UP HOUSEHOLD GROWTH FORECAST							
Owners	64	68	111	56	56	843	1,198
Renters	791	616	707	428	439	1,567	4,549
Total ¹	855	684	818	485	495	2,410	5,747
Cumulative Total ¹	855	1,539	2,357	2,842	3,337	5,747	
FAIR SHARE BASED ON RETURN TO SCAG AVERAGE HOUSEHOLD GROWTH FORECAST							
Owners	26	28	45	23	23	342	487
Renters	475	370	425	257	264	941	2,732
Total ¹	501	398	470	280	287	1,283	3,219
Cumulative Total ¹	501	899	1,369	1,649	1,936	3,219	
FAIR SHARE BASED ON CONTINUED LOCAL TRENDS HOUSEHOLD GROWTH FORECAST							
Owner	10	10	16	8	8	126	179
Renters	302	236	270	164	168	599	1,739
Total ¹	312	246	287	172	176	725	1,918
Cumulative Total ¹	312	557	844	1,017	1,193	1,918	
¹ Totals may not sum precisely due to internal rounding.							

Source: HR&A

Possible Credits Against the Fair Share Targets

Recent Housing Element reform legislation and discussions by SCAG's Regional Housing Needs Assessment Advisory Committee, have introduced the possibility that jurisdictions which can demonstrate performance on some housing dimensions may be entitled to a "credit" against their fair share obligation. There are two areas in which Santa Monica could receive such credits. These are: (a) the degree to which the City's Rent Control Law has held down the proportion of lower-income households who overpay for housing costs; and (b) the City's contribution of shelter beds for the homeless.

Reduced Payment Burden Among Lower-Income Households. Analysis of 1990 census data indicates that, with the exception of households in the 31-50 percent of median family income category, the proportion of lower-income households who "overpay" for housing costs is lower in Santa Monica than in Los Angeles County as a whole. Stated another way, if the County rates of overpayment applied in Santa Monica, about 695 more lower-income Santa Monica households would have overpaid for housing costs than was actually the case.

Thus, the City might be eligible for a credit of 695 units against its fair share allocation for this performance on reducing payment burden among lower-income households.

Proportion of Shelter Beds. Based on the number of shelter beds currently in Santa Monica, the City might also be eligible for a credit of 92 very low income rental units that could be applied to the City's regional fair share of new units for renter households in the 0-30 percent of median income category.

Table II-30 shows that, including these credits, Santa Monica's "fair share" of regional housing need during the 1998-2003 Housing Element Update planning period falls between about 5,000 units (Full SCAG Catch-up Alternative growth forecast) and about 1,100 units (Continued Local Trends Alternative growth forecast).

FAIR SHARE ALLOCATION BY CATEGORY FOR EACH ALTERNATIVE GROWTH FORECAST							
Fair Share Allocation Category	CLT	CLT	CLT	CLT	CLT	CLT	CLT
Very Low Income (0-30% of Median Income)	28	18	41	21	21	10	41
Low Income (31-50% of Median Income)	1,120	830	420	210	210	100	420
Total	1,148	848	461	231	231	110	461
Very Low Income (0-30% of Median Income)	17	11	11	0	0	0	11
Low Income (31-50% of Median Income)	1,120	830	420	0	0	0	420
Total	1,137	841	431	0	0	0	431
Very Low Income (0-30% of Median Income)	0	0	0	0	0	0	0
Low Income (31-50% of Median Income)	1,120	830	420	0	0	0	420
Total	1,120	830	420	0	0	0	420
Very Low Income (0-30% of Median Income)	0	0	0	0	0	0	0
Low Income (31-50% of Median Income)	1,120	830	420	0	0	0	420
Total	1,120	830	420	0	0	0	420

Recent Housing Element reform legislation and discussions by SCAG’s Regional Housing Needs Assessment Advisory Committee, have introduced the possibility that jurisdictions which can demonstrate performance on some housing dimensions may be entitled to a “credit” against their fair share obligation. There are two areas in which Santa Monica could receive such credits. These are: (a) the degree to which the City’s Rent Control Law has held down the proportion of lower-income households who overpay for housing costs; and (b) the City’s contribution of shelter beds for the homeless.

Thus, the City might be eligible for a credit of 695 units against its fair share allocation for this performance on reducing payment burden among lower-income households.

Proportion of Shelter Beds. Based on the number of shelter beds currently in Santa Monica, the City might also be eligible for a credit of 92 very low income rental units that could be applied to the City's regional fair share of new units for renter households in the 0-30 percent of median income category.

Table II-30 shows that, including these credits, Santa Monica’s “fair share” of regional housing need during the 1998-2003 Housing Element Update planning period falls between about 5,000 units (Full SCAG Catch-up Alternative growth forecast) and about 1,100 units (Continued Local Trends Alternative growth forecast).

Table II-30
Estimate of Santa Monica's Fair Share of Regional Housing Need, With Potential
Credits for Overpayment Reduction and Shelter Beds,
By Household Income Group,
for Three Alternative Household Growth Forecasts, 1998-2003

Calculation Category	Percent of L.A. County Median Family Income						
	0-30%	31-50%	51-80%	81-95%	96-120%	120+%	Total ¹
FAIR SHARE BASED ON SCAG CATCH-UP HOUSEHOLD GROWTH FORECAST							
Fair Share (from Table II-31)							
Owners	64	68	111	58	56	843	1,198
Renters	<u>791</u>	<u>616</u>	<u>707</u>	<u>428</u>	<u>439</u>	<u>1,567</u>	<u>4,549</u>
Total ¹	855	684	818	485	495	2,410	5,747
Overpayment Credit							
Owners	(5)	(13)	(122)	0	0	0	(139)
Renters	<u>(219)</u>	<u>(61)</u>	<u>(275)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(556)</u>
Total ¹	(224)	(74)	(397)	0	0	0	(695)
Shelter Beds Credit							
Owners	0	0	0	0	0	0	0
Renters	<u>(92)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(92)</u>
Total ¹	(92)	0	0	0	0	0	(92)
Net Fair Share Estimate							
Owners	59	55	(11)	56	56	843	1,059
Renters	<u>479</u>	<u>555</u>	<u>432</u>	<u>428</u>	<u>439</u>	<u>1,567</u>	<u>3,901</u>
Total ¹	539	610	421	485	495	2,410	4,960
FAIR SHARE BASED ON RETURN TO SCAG AVERAGE HOUSEHOLD GROWTH FORECAST							
Fair Share (from Table II-31)							
Owners	26	28	45	23	23	342	486
Renters	<u>475</u>	<u>370</u>	<u>425</u>	<u>257</u>	<u>264</u>	<u>941</u>	<u>2,733</u>
Total ¹	501	398	470	280	287	1,284	3,219
Overpayment Credit							
Owners	(5)	(13)	(122)	0	0	0	(139)
Renters	<u>(219)</u>	<u>(61)</u>	<u>(275)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(556)</u>
Total ¹	(224)	(74)	(397)	0	0	0	(695)
Shelter Beds Credit							
Owners	0	0	0	0	0	0	0
Renters	<u>(92)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(92)</u>
Total ¹	(92)	0	0	0	0	0	(92)
Net Fair Share Estimate							
Owners	21	15	(77)	23	23	342	347
Renters	<u>164</u>	<u>309</u>	<u>150</u>	<u>257</u>	<u>264</u>	<u>941</u>	<u>2,085</u>
Total ¹	185	324	73	280	287	1,284	2,432

Table II-30
Estimate of Santa Monica's Fair Share of Regional Housing Need, With Potential
Credits for Overpayment Reduction and Shelter Beds,
By Household Income Group,
for Three Alternative Household Growth Forecasts, 1998-2003

Calculation Category	Percent of L.A. County Median Family Income						
	0-30%	31-50%	51-80%	81-95%	96-120%	120+%	Total ¹
FAIR SHARE BASED ON CONTINUED LOCAL TRENDS HOUSEHOLD GROWTH FORECAST							
Fair Share (from Table I-28)							
Owners	10	10	16	8	8	126	179
Renters	<u>302</u>	<u>236</u>	<u>270</u>	<u>164</u>	<u>168</u>	<u>599</u>	<u>1,739</u>
Total ¹	312	246	287	172	176	725	1,918
Overpayment Credit							
Owners	(5)	(13)	(122)	0	0	0	(139)
Renters	<u>(219)</u>	<u>(61)</u>	<u>(275)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(556)</u>
Total ¹	(224)	(74)	(397)	0	0	0	(695)
Shelter Beds Credit							
Owners	0	0	0	0	0	0	0
Renters	<u>(92)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(92)</u>
Total ¹	(92)	0	0	0	0	0	(92)
Net Fair Share Estimate							
Owners	5	(3)	(105)	8	8	126	40
Renters	<u>(9)</u>	<u>174</u>	<u>(5)</u>	<u>164</u>	<u>168</u>	<u>599</u>	<u>1,091</u>
Total ¹	(4)	172	(110)	172	176	725	1,131

¹ Totals may not sum precisely due to internal rounding.

Source: HR&A

4. City Adoption of Fair Share Based on Return to SCAG Average Household Growth Forecast

With the caveat discussed below, for purposes of this Element, the City adopts the intermediate approach (Return to SCAG Average) as the City's fair share estimate, without taking credit for overpayment reduction and shelter beds. This approach utilizes the general conceptual model for forecasting household growth adopted by SCAG but assumes that the City will not achieve the level of growth necessary for the City to achieve the total households growth projected by SCAG in 1994. The intermediate approach also assumes that the modest economic recovery presently underway will continue. This assumption appears to be consistent with reliable economic forecasters.

In contrast, the household growth level that would be required by the “Catch-Up alternative has no historical precedent in the City. Consequently, there is no basis to believe that the City will make up the household growth “deficit” that was occasioned by the severe economic recession and other calamities that befall this region in the early to mid 1990's.

As noted, the intermediate alternative follows the basic methodology utilized by SCAG. The City is willing to utilize this methodology, and the results established by this approach, only for the purpose of establishing its fair share estimate in the absence of a fair share allocation being prepared by SCAG. For the reasons discussed immediately below, the City disagrees with the methodology and certain of the assumptions utilized by SCAG. Consequently, should SCAG undertake to prepare a fair share allocation for the City, the City reserves the right to challenge the methodology and assumptions previously utilized by SCAG and to seek to persuade SCAG that other approaches are more appropriate.

5. Santa Monica's Disagreement with SCAG Methodology

The City believes that the methodology utilized by SCAG in the past to establish the fair share allocation is flawed because it does not account for the unique characteristics of each community, but rather takes a singular approach for the entire region. More specifically, the methodology does not differentiate between densely populated and built-out communities like Santa Monica which can accommodate limited growth and communities which are less built-out and therefore can accommodate significant additional growth.

The City is particularly concerned with the household growth factors and the vacancy rate assumptions used in the SCAG model. Most notable, the projected household growth rates that have previously been projected by SCAG are significantly higher than the actual household growth rates observed by the City. For instance, SCAG's adopted 1994 forecast envisioned an average annual growth of 392 households between 1990 and 2000. During the past planning period (1989-1994), the household growth estimated using SCAG's methodology was 1,338, while the actual growth was 180 households. This excess demonstrates the magnitude of the error in the SCAG assumptions. Even with a modest economic recovery, the City does not believe that the projected annual growth rate of 392 households can be achieved.

The SCAG methodology also assumes that a vacancy rate of 5% (multi-family units) is considered necessary for a healthy functioning housing market. This assumption does not take into consideration that the City is an urbanized area with relatively lower rates of new construction. The City maintains that a lower vacancy rate should be considered normal and should not indicate a need for additional housing units.

F. ENERGY CONSERVATION

Under State law, the Housing Element must include an analysis of opportunities for energy conservation with respect to residential development. This section describes the various energy conservation programs and assistance available to Santa Monica residents. Santa

Monica, together with some utility companies serving the City, has sponsored a variety of programs to encourage energy conservation.

Southern California Edison (SCE) has developed several energy conservation programs for residential customers. Residential programs include a toll-free energy conservation action line, air conditioning off-peak cycling program, residential energy surveys, and cash rebates for the installation of energy efficient appliances such as evaporative coolers, air conditioners, heat pumps, and heat pump water heaters. Additionally, special utility rates are available to residential customers in order to encourage energy conservation. SCE also created the "Welcome Home" incentive program which targets the residential new construction industry to encourage the building of homes, condominiums, and apartment buildings that surpass minimum state standards (Title 24) for energy efficiency.

Currently the City co-sponsors the Fluorescent Bulb Retrofit Program with SCE. Available to low-income households, this program provides up to six fluorescent light bulbs to both renters and homeowners. Fluorescent bulbs use 75 percent less electricity than regular incandescent bulbs.

Southern California Gas sponsors energy conservation programs as well. Southern California Gas sponsors a Rebate Program and a Low Income Direct Assistance Program. Under the Rebate Program, the company provides rebates to customers for caulking, weather stripping, attic insulation, forced air furnaces, water heater blankets, and duct wraps. Customers must install devices that meet minimum standards in order to qualify for the rebate. Under the Low Income Direct Assistance Program, Southern California Gas provides direct assistance to low-income customers for the same types of energy conservation devices that are promoted under the Rebate Program. Southern California Gas also sponsors the Appliance Repair and Replacement Program to assist low-income customers in replacing malfunctioning or inefficient furnaces, stoves, or water heaters.

In 1994, the City adopted the Sustainable City Program, which provides guiding principles for environmental decisions and sets targets for safeguarding and enhancing environmental resources. In furtherance of this program, the City is in the process of developing Sustainable Building Development Guidelines. The Guidelines will include design advice for residential as well as commercial buildings to achieve building-related environmental conservation targets of the Sustainable City Program.

The City is also in the process of developing various other new energy conservation programs including credits programs and retrofit programs. In addition to these measures, the City monitors compliance with all Title 24 energy conservation standards applicable to new residential development in the City.

One potential method for conserving energy involves the preservation, rehabilitation, and/or adaptive re-use of existing buildings. Re-using existing buildings can save substantial energy costs that would otherwise have been expended on the production of new building materials. Many of the City's Housing Element programs are oriented toward the preservation of existing housing (see Section V.C).

**Potential Constraints on
Housing Production and Conservation**

III. POTENTIAL CONSTRAINTS ON HOUSING PRODUCTION AND CONSERVATION

The provision of adequate and affordable housing is affected by both market conditions and governmental programs and regulations. Housing Element law requires a city to examine potential and actual governmental and non-governmental constraints to the maintenance, improvement, and development of housing for all income levels. Potential non-governmental constraints include the price of land, the cost of construction, and the availability of financing. Potential governmental constraints include land use controls, building codes and their enforcement, site improvement fees and other exactions, and local processing and permit procedures.

As part of the 1998-2003 Housing Element Update, HR&A performed extensive analysis of the impact that various governmental regulations in the City have on housing production. The conclusions of this analysis are presented in Element. The detailed analysis itself is presented in a separate document -- "Technical Appendix." The central conclusion of this analysis is that current market conditions -- largely high land costs combined with a dampened real estate market -- are a primary constraint to the development of housing in the City. These market conditions render the development of the average multi-family development project in the City infeasible. Given these conditions, special circumstances are generally required to make a project financially feasible, such as unusually low land cost, unusually high rent/sales prices, below market-rate financing, and/or significant reductions in construction or other development costs. Certain city policies/regulations such as its inclusionary housing program and rezonings constitute potential constraints to housing production. That is, these programs negatively impact project feasibility on a per-square-foot basis. However, it is market conditions, not the City's policies and regulations, which at the present time actually constrain housing production.

A. NON-GOVERNMENTAL CONSTRAINTS

High land and construction costs, as well as market financing all contribute to the cost of housing, and potentially hinder the production of new and affordable units. Potential non-governmental constraints are largely determined by market conditions, over which local jurisdictions have little control. Direct public subsidies that lower the costs of housing development, such as land write-downs and interest subsidies, are the most effective and probably the only way for local governments to lessen the impacts of these market conditions.

1. Construction Cost

Construction costs can vary widely according to the type of development, with multi-family housing generally less expensive to construct than single-family housing. However, there is a wide variation within each construction type depending on the size of the unit and the

number and quality of amenities offered. This includes such obvious items as fireplaces, swimming pools, and tennis courts, as well as the less obvious decisions on the grade of carpeting and tiles used, types of appliances and light fixtures, and the quality of cabinetry and woodwork. Based on City consultant's interviews with local residential contractors active in Santa Monica, average multi-family construction costs in Santa Monica range from \$40 to \$75 per square foot, and up to \$64 to \$82 per square foot if one level of underground parking is required. This range assumes that larger projects achieve certain economies of scale and cost slightly less per square foot, and that condominiums are somewhat more costly to construct per square foot than apartments. According to the Construction Industry Research Board, construction cost per square foot for a single-family home ranges between \$60 and \$100.

While construction costs typically comprise a significant portion of the total development costs of a housing project, these costs are fairly consistent throughout Los Angeles County and therefore, would not appear to constitute an actual constraint to housing production in Santa Monica.

2. Land Cost

High land costs, combined with the dampened real estate market, represent the overriding factors that affect the feasibility of residential development in the City. Prices of multi-family sites have risen since the late 1980's to a level that is unsupported by current average rents and condominium sales prices. These substantial land prices have persisted in spite of a severely weakened real estate market resulting from a combination of the 1990-93 recession, changes in commercial lending practices, the Northridge earthquake, and other factors. Due to these conditions, a financial feasibility analysis conducted by HR&A on "prototypical" apartment and condominium projects in Santa Monica concludes that none of these projects are financially feasible under current market conditions.¹

The multi-family project financial feasibility analysis derives land cost information from the following sources: recent condominium and apartment sales, sales listings, recent appraisals prepared for the City's below-market rate earthquake recovery loan program, appraisals prepared for affordable housing projects, and expert opinion. Based on this input, typical land costs in the City can be generalized as follows: At the high cost end of the spectrum (north of Wilshire Boulevard, but not Ocean Avenue or San Vicente Boulevard), the average per square foot land cost is \$75 for smaller parcels and \$70 for larger parcels. At the low

¹ The financial feasibility analysis evaluates four prototypical apartment projects and four condominium projects in the City's R2 district, under the development scenarios both with and without the City's inclusionary housing requirements. The simulation model estimates the costs, income, rate of return, profit, and other indicators that an experienced and well-informed property owner or developer, or their lender would consider in evaluating project feasibility. All of these assumptions used in the model for each group of scenarios, including those related to the physical development of each apartment and condominium project scenario, construction-related costs, financing costs, project income and project feasibility, are included at part of the Technical Appendix to this Element.

cost range (south of Pico Boulevard), the average per square foot land costs range between \$40 to \$45 from larger to smaller parcels.

The feasibility analysis indicates that for large apartment projects, feasibility is achieved when land cost is no more than \$20 per square foot. For larger condominium projects, the maximum land cost that produces an acceptable return for the developer is \$35 per square foot. Given this disparity between actual land costs and the land cost required to achieve financial feasibility, only projects with special circumstances can achieve economic feasibility. Such conditions could include unusually low land cost, unusually high rents/sales prices, below market-rate financing, and/or significant reductions in construction or other development costs.

In conclusion, land costs significantly impact the financial feasibility of housing development in the City, and therefore constitute an actual constraint to housing production. High land costs affect not only the financial feasibility of acquiring underutilized parcels with existing single- and multi-family units for the purpose of recycling to higher densities, but also the feasibility of acquiring such parcels for rehabilitation and reuse of structures for housing. However, by discouraging residential redevelopment and acquisition/rehabilitation activities, high land costs in the City have the effect of encouraging the preservation of existing housing. For further discussion of land costs, refer to the following Technical Appendices: "Assessment of the City's Inclusionary Housing Program (Ordinance 1615) as a Potential or Actual Constraint on the Development of Housing," and "Cumulative Effects of Five City of Santa Monica Requirements on Multi-Family Housing Projects as a Potential or Actual Constraint on the Development of Housing."

3. Availability of Financing

Construction Financing

Prior to the recession and significant changes in lending practices following the savings and loan scandals of the late 1980s and early 1990s, it was not uncommon for developers to receive loans for 100 percent or more of a project's estimated future value. Now, construction and permanent loans are almost never available for the types of multi-family development projects that are typical in Santa Monica for more than 75 percent of the future project value. This means that developers must usually put up at least 25 percent of the project value, either in the form of land or cash. The developer may have to contribute more than 25 percent of the project cost if the total cost is more than 75 percent of the estimated future value of the project or if net operating income is less than 1.15 times the amount of the loan payment. Although there is no hard and fast threshold for how much equity is too much before a project would be deemed infeasible, the higher the proportion of equity required above 25 percent, the more unlikely a developer would proceed with the project. Not only would it require more up-front cash, but higher equity contribution also means a project must be able to achieve an even higher value at completion in order to generate the net cash flow needed to meet the minimum acceptable cash-on-cash return threshold.

Mortgage and Home Improvement Financing

The cost and availability of financing can impact a household's ability to purchase a home or to perform necessary maintenance and repairs. Loans for purchase of a new home range between approximately 8 and 9 percent for a fixed rate loan with a 30-year term. Interest rates fluctuate with the national economy, and can have a dramatic impact on housing affordability. For example, a 1% increase in interest rate can cause the monthly payment for the average-price home in Santa Monica to increase by \$250, and the monthly payment for the average-price condominium to increase by \$175. This reduces the number of households who can qualify to purchase a home in the City.

Likewise, an increase in construction financing costs translates into higher rents or sales prices which must be charged to recover the cost of production, and less likelihood that housing will be produced.

In addition to the cost of financing, the availability of mortgage financing can also serve as a constraint to the provision of housing. Many communities have experienced a lending pattern where households looking to purchase a home in low and moderate income neighborhoods have a more difficult time obtaining financing than in upper income areas. The Community Reinvestment Act (CRA) is intended to encourage certain regulated financial institutions to help meet the credit needs of their entire communities, including low and moderate income neighborhoods. In tandem with the CRA, the Home Mortgage Disclosure Act (HMDA) requires lenders to disclose information on the disposition of home loan applications and on the race or national origin, gender, and annual income of loan applicants. HMDA data are compiled by the Federal Financial Institutions Examination Council (FFIEC). The HMDA data also identifies the income characteristics of the census tracts in which dwelling units are located, based on the following FFIEC definitions:

LOW/MOD for tracts with median family income (MFI) less than 80 percent of the MFI for the Metropolitan Statistical Area (MSA);

MIDDLE for tracts with median family income between 80 and 120 percent of the MFI for the MSA; and

UPPER for tracts with median family income above 120 percent of the MFI for the MSA.

Based on 1994 HMDA data for the City, **Table III-1** illustrates the disposition of home purchase and home improvement loans by census tract. As shown in this table, there were a total of 1,278 applications for home purchase loans and 263 applications for home improvement loans. Citywide, the origination rate was 56.1 percent for home purchase loans and 55.5 percent for home improvement loans.²

² The HMDA data categorizes the disposition of a loan application as: Originated, Not Accepted, Denied, Withdrawn, or Closed. Origination of a loan refers to a loan not only approved by the lender but also accepted by the borrower. Origination rate refers to the ratio of originated loans to the total number of applications.

Mortgage and home improvement lending patterns in Santa Monica are reflective of the City's housing market. A majority of the for-sale housing in Santa Monica is concentrated in upper income census tracts, and as a result, approximately three-quarters of the applications in 1994 (72% of the home purchase loans and 78% of the home improvement loans) were for housing units located in these upper income tracts. In contrast, for Los Angeles County, only 54 percent of home purchase loan applications and 49 percent of the home improvement loan applications were for housing units in upper income tracts. Origination rates for home purchase loans and home improvement loans in *upper income* tracts in Santa Monica were 58 percent and 57 percent, respectively, approximately two percent above the Citywide average. Compared with Santa Monica, upper income tracts in the County had a higher origination rate at 62 percent for home purchase loans and a similar origination rate at 57 percent for home improvement loans.

Significantly fewer households applied for loans for housing units located in *middle income* census tracts in the City (23% of home purchase applications and 18% of home improvement applications), with the average loan origination rates in these tracts the lowest in the City - 52 percent for home purchase loans and 48 percent for home improvement loans. In contrast, countywide applications for housing located in middle income tracts represented about one-third of total applications. In comparison, the County had a higher origination rate for both home purchase loans (60%) and home improvement loans (52%).

With limited home purchase opportunities in the City's lower income neighborhoods, the City's two HMDA designated *low/mod* income tracts had only 61 applications for home purchase loans and 11 applications for home improvement loans, representing approximately 4 percent of the total loan applications.³ The average loan origination rate for home purchase loans in the low/mod tracts, at 53 percent, was slightly higher than that in the middle-income tracts. The average loan origination rate for home improvement loans in the low/mod tracts was the highest in the City (64%); however, this rate can be misleading due to the limited number (11) of applicants. In comparison, Los Angeles County had a significantly higher proportion of loan applications initiated for units in the low/mod tracts. Approximately 16 percent of all loan applications in the County were for units located in the low/mod tracts. Origination rates for home purchase and home improvement loans in the County's low/mod tracts were 56 percent and 45 percent, respectively.

In summary, origination rates for home purchase loans in Santa Monica are generally lower than County-wide averages, regardless of the income of the census tract. This is likely due in part to the overall higher price of housing in Santa Monica relative to the County as a whole, with fewer applicants qualifying for mortgages. Interestingly, loan origination rates did not vary dramatically based on census tract income, indicating that at least in general access to credit is not significantly affected by geographic location in the City. And finally, origination rates for home improvement loans were consistently higher in Santa Monica than County-wide averages, although they showed significant variation based on tract income.

³ These HMDA statistics do not include government-backed loans, which could result in more loans in the low/mod areas.

In conclusion, while mortgage and home improvement financing, and construction financing are generally available, the cost and future accessibility of financing could serve as potential constraints to home purchase/improvement and housing production.

Year	Financing Level	Home Purchase Loans			Home Improvement Loans		
		Level 1	Level 2	% Orig.	Level 1	Level 2	% Orig.
2012-13	Upper	13	74	84.2%	1	10	9.1%
2013-14	Upper	13	72	84.3%	1	9	9.1%
2014-15	Upper	13	79	85.2%	1	11	10.1%
2015-16	Upper	10	78	87.9%	1	9	9.1%
2016-17	Upper	10	74	87.0%	1	10	10.1%
2017-18	Upper	7	70	91.4%	1	10	10.1%
2018-19	Upper	10	72	87.0%	1	9	9.1%
2019-20	Upper	10	70	86.8%	1	9	9.1%
2020-21	Upper	10	70	86.8%	1	9	9.1%
2021-22	Upper	10	70	86.8%	1	9	9.1%
2022-23	Upper	10	70	86.8%	1	9	9.1%
2023-24	Upper	10	70	86.8%	1	9	9.1%
2024-25	Upper	10	70	86.8%	1	9	9.1%
2025-26	Upper	10	70	86.8%	1	9	9.1%
2026-27	Upper	10	70	86.8%	1	9	9.1%
2027-28	Upper	10	70	86.8%	1	9	9.1%
2028-29	Upper	10	70	86.8%	1	9	9.1%
2029-30	Upper	10	70	86.8%	1	9	9.1%
2030-31	Upper	10	70	86.8%	1	9	9.1%
2031-32	Upper	10	70	86.8%	1	9	9.1%
2032-33	Upper	10	70	86.8%	1	9	9.1%
2033-34	Upper	10	70	86.8%	1	9	9.1%
2034-35	Upper	10	70	86.8%	1	9	9.1%
2035-36	Upper	10	70	86.8%	1	9	9.1%
2036-37	Upper	10	70	86.8%	1	9	9.1%
2037-38	Upper	10	70	86.8%	1	9	9.1%
2038-39	Upper	10	70	86.8%	1	9	9.1%
2039-40	Upper	10	70	86.8%	1	9	9.1%
2040-41	Upper	10	70	86.8%	1	9	9.1%
2041-42	Upper	10	70	86.8%	1	9	9.1%
2042-43	Upper	10	70	86.8%	1	9	9.1%
2043-44	Upper	10	70	86.8%	1	9	9.1%
2044-45	Upper	10	70	86.8%	1	9	9.1%
2045-46	Upper	10	70	86.8%	1	9	9.1%
2046-47	Upper	10	70	86.8%	1	9	9.1%
2047-48	Upper	10	70	86.8%	1	9	9.1%
2048-49	Upper	10	70	86.8%	1	9	9.1%
2049-50	Upper	10	70	86.8%	1	9	9.1%
2050-51	Upper	10	70	86.8%	1	9	9.1%
2051-52	Upper	10	70	86.8%	1	9	9.1%
2052-53	Upper	10	70	86.8%	1	9	9.1%
2053-54	Upper	10	70	86.8%	1	9	9.1%
2054-55	Upper	10	70	86.8%	1	9	9.1%
2055-56	Upper	10	70	86.8%	1	9	9.1%
2056-57	Upper	10	70	86.8%	1	9	9.1%
2057-58	Upper	10	70	86.8%	1	9	9.1%
2058-59	Upper	10	70	86.8%	1	9	9.1%
2059-60	Upper	10	70	86.8%	1	9	9.1%
2060-61	Upper	10	70	86.8%	1	9	9.1%
2061-62	Upper	10	70	86.8%	1	9	9.1%
2062-63	Upper	10	70	86.8%	1	9	9.1%
2063-64	Upper	10	70	86.8%	1	9	9.1%
2064-65	Upper	10	70	86.8%	1	9	9.1%
2065-66	Upper	10	70	86.8%	1	9	9.1%
2066-67	Upper	10	70	86.8%	1	9	9.1%
2067-68	Upper	10	70	86.8%	1	9	9.1%
2068-69	Upper	10	70	86.8%	1	9	9.1%
2069-70	Upper	10	70	86.8%	1	9	9.1%
2070-71	Upper	10	70	86.8%	1	9	9.1%
2071-72	Upper	10	70	86.8%	1	9	9.1%
2072-73	Upper	10	70	86.8%	1	9	9.1%
2073-74	Upper	10	70	86.8%	1	9	9.1%
2074-75	Upper	10	70	86.8%	1	9	9.1%
2075-76	Upper	10	70	86.8%	1	9	9.1%
2076-77	Upper	10	70	86.8%	1	9	9.1%
2077-78	Upper	10	70	86.8%	1	9	9.1%
2078-79	Upper	10	70	86.8%	1	9	9.1%
2079-80	Upper	10	70	86.8%	1	9	9.1%
2080-81	Upper	10	70	86.8%	1	9	9.1%
2081-82	Upper	10	70	86.8%	1	9	9.1%
2082-83	Upper	10	70	86.8%	1	9	9.1%
2083-84	Upper	10	70	86.8%	1	9	9.1%
2084-85	Upper	10	70	86.8%	1	9	9.1%
2085-86	Upper	10	70	86.8%	1	9	9.1%
2086-87	Upper	10	70	86.8%	1	9	9.1%
2087-88	Upper	10	70	86.8%	1	9	9.1%
2088-89	Upper	10	70	86.8%	1	9	9.1%
2089-90	Upper	10	70	86.8%	1	9	9.1%
2090-91	Upper	10	70	86.8%	1	9	9.1%
2091-92	Upper	10	70	86.8%	1	9	9.1%
2092-93	Upper	10	70	86.8%	1	9	9.1%
2093-94	Upper	10	70	86.8%	1	9	9.1%
2094-95	Upper	10	70	86.8%	1	9	9.1%
2095-96	Upper	10	70	86.8%	1	9	9.1%
2096-97	Upper	10	70	86.8%	1	9	9.1%
2097-98	Upper	10	70	86.8%	1	9	9.1%
2098-99	Upper	10	70	86.8%	1	9	9.1%
2099-00	Upper	10	70	86.8%	1	9	9.1%
2100-01	Upper	10	70	86.8%	1	9	9.1%
2101-02	Upper	10	70	86.8%	1	9	9.1%
2102-03	Upper	10	70	86.8%	1	9	9.1%
2103-04	Upper	10	70	86.8%	1	9	9.1%
2104-05	Upper	10	70	86.8%	1	9	9.1%
2105-06	Upper	10	70	86.8%	1	9	9.1%
2106-07	Upper	10	70	86.8%	1	9	9.1%
2107-08	Upper	10	70	86.8%	1	9	9.1%
2108-09	Upper	10	70	86.8%	1	9	9.1%
2109-10	Upper	10	70	86.8%	1	9	9.1%
2110-11	Upper	10	70	86.8%	1	9	9.1%
2111-12	Upper	10	70	86.8%	1	9	9.1%
2112-13	Upper	10	70	86.8%	1	9	9.1%
2113-14	Upper	10	70	86.8%	1	9	9.1%
2114-15	Upper	10	70	86.8%	1	9	9.1%
2115-16	Upper	10	70	86.8%	1	9	9.1%
2116-17	Upper	10	70	86.8%	1	9	9.1%
2117-18	Upper	10	70	86.8%	1	9	9.1%
2118-19	Upper	10	70	86.8%	1	9	9.1%
2119-20	Upper	10	70	86.8%	1	9	9.1%
2120-21	Upper	10	70	86.8%	1	9	9.1%
2121-22	Upper	10	70	86.8%	1	9	9.1%
2122-23	Upper	10	70	86.8%	1	9	9.1%
2123-24	Upper	10	70	86.8%	1	9	9.1%
2124-25	Upper	10	70	86.8%	1	9	9.1%
2125-26	Upper	10	70	86.8%	1	9	9.1%
2126-27	Upper	10	70	86.8%	1	9	9.1%
2127-28	Upper	10	70	86.8%	1	9	9.1%
2128-29	Upper	10	70	86.8%	1	9	9.1%
2129-30	Upper	10	70	86.8%	1	9	9.1%
2130-31	Upper	10	70	86.8%	1	9	9.1%
2131-32	Upper	10	70	86.8%	1	9	9.1%
2132-33	Upper	10	70	86.8%	1	9	9.1%
2133-34	Upper	10	70	86.8%	1	9	9.1%
2134-35	Upper	10	70	86.8%	1	9	9.1%
2135-36	Upper	10	70	86.8%	1	9	9.1%
2136-37	Upper	10	70	86.8%	1	9	9.1%
2137-38	Upper	10	70	86.8%	1	9	9.1%
2138-39	Upper	10	70	86.8%	1	9	9.1%
2139-40	Upper	10	70	86.8%	1	9	9.1%
2140-41	Upper	10	70	86.8%	1	9	9.1%
2141-42	Upper	10	70	86.8%	1	9	9.1%
2142-43	Upper	10	70	86.8%	1	9	9.1%
2143-44	Upper	10	70	86.8%	1	9	9.1%
2144-45	Upper	10	70	86.8%	1	9	9.1%
2145-46	Upper	10	70	86.8%	1	9	9.1%
2146-47	Upper	10	70	86.8%	1	9	9.1%
2147-48	Upper	10	70	86.8%	1	9	9.1%
2148-49	Upper	10	70	86.8%	1	9	9.1%
2149-50	Upper	10	70	86.8%	1	9	9.1%
2150-51	Upper	10	70	86.8%	1	9	9.1%
2151-52	Upper	10	70	86.8%	1	9	9.1%
2152-53	Upper	10	70	86.8%	1	9	9.1%
2153-54	Upper	10	70	86.8%	1	9	9.1%
2154-55	Upper	10	70	86.8%	1	9	9.1%
2155-56	Upper	10	70	86.8%	1	9	9.1%
2156-57	Upper	10	70	86.8%	1	9	9.1%
2157-58	Upper	10	70	86.8%	1	9	9.1%
2158-59	Upper	10	70	86.8%	1	9	9.1%
2159-60	Upper	10	70	86.8%	1	9	9.1%
2160-61	Upper	10	70	86.8%	1	9	9.1%
2161-62	Upper	10	70	86.8%	1	9	9.1%
2162-63	Upper	10	70	86.8%	1	9	9.1%
2163-64	Upper	10	70	86.8%	1	9	9.1%
2164-65	Upper	10	70	86.8%	1	9	9.1%
2165-66	Upper	10	70	86.8%	1	9	9.1%
2166-67	Upper	10	70	86.8%	1	9	9.1%
2167-68	Upper	10	70	86.8%	1	9	9.1%
2168-69	Upper	10	70	86.8%	1	9	9.1%
2169-70	Upper	10	70	86.8%	1	9	9.1%
2170-71	Upper	10	70	86.8%	1	9	9.1%
2171-72	Upper	10	70	86.8%	1	9	9.1%
2172-73	Upper	10	70	86.8%	1	9	9.1%
2173-74	Upper	10	70	86.8%	1	9	9.1%
2174-75	Upper	10	70	86.8%	1	9	9.1%
2175-76	Upper	10	70	86.8%	1	9	9.1%
2176-77	Upper	10	70	86.8%	1	9	9.1%
2177-78	Upper	10	70	86.8%	1	9	9.1%
2178-79	Upper	10	70	86.8%	1	9	9.1%
2179-80	Upper	10	70	86.8%	1	9	9.1%
2180-81	Upper	10	70	86.8%	1	9	9.1%
2181-82	Upper	10	70	86.8%	1	9	9.1%
2182-83	Upper	10	70	86.8%	1	9	9.1%
2183-84	Upper	10	70	86.8%	1	9	9.1%
2184-85	Upper	10	70	86.8%	1	9	9.1%
2185-86	Upper	10	70	86.8%	1	9	9.1%
2186-87	Upper	10	70	86.8%	1	9	9.1%
2187-88	Upper	10	70	86.8%	1	9	9.1%
2188-89	Upper	10	70	86.8%	1	9	9.1%
2189-90	Upper	10	70	86.8%	1	9	9.1%
2190-91	Upper	10	70	86.8%	1	9	9.1%
2191-92	Upper	10	70	86.8%	1	9	9.1%
2192-93	Upper	10	70	86.8			

TABLE III-1
DISPOSITION OF HOME PURCHASE LOANS AND
HOME IMPROVEMENT LOANS BY CENSUS TRACT

Tract	Tract Income Level ¹	Home Purchase Loans			Home Improvement Loans		
		Appl'n	Orig ²	% Orig	Appl'n	Orig	% Orig
7012.01	Upper	123	74	60.2%	17	10	58.8%
7012.02	Upper	53	34	64.2%	17	9	52.9%
7013.01	Upper	134	78	58.2%	23	11	47.8%
7014.00	Upper	59	28	47.5%	11	4	36.4%
7015.01	Upper	59	34	57.6%	27	21	77.8%
7016.01	Upper	96	62	64.6%	33	19	57.6%
7021.00	Upper	150	75	50.0%	12	5	41.7%
7022.01	Upper	66	42	63.6%	16	10	62.5%
7022.02	Upper	63	39	61.9%	17	10	58.8%
7023.00	Upper	122	68	55.7%	31	17	54.8%
Total Upper Income		925	534	57.7%	204	116	56.9%
7013.02	Middle	54	19	35.2%	6	1	16.7%
7015.02	Middle	32	18	56.3%	4	4	100.0%
7016.02	Middle	46	30	65.2%	9	4	44.4%
7017.01	Middle	42	21	50.0%	8	4	50.0%
7017.02	Middle	10	6	60.0%	2	0	0.0%
7019.00	Middle	3	1	33.3%	4	2	50.0%
7020.00	Middle	105	56	53.3%	15	8	53.3%
Total Middle Income		292	151	51.7%	48	23	47.9%
7018.01	Low/Mod	35	19	54.3%	8	5	62.5%
7018.02	Low/Mod	26	13	50.0%	3	2	66.7%
Total Low/Mod Income		61	32	52.5%	11	7	63.6%
City Total		1,278	717	56.1%	263	146	55.5%

Abbreviations: Appl'n = Applications; Orig = Originations.

Notes:

1. Tract income level as determined by FFIEC
Low/Mod = census tract with median family income less than 80 percent of County MFI
Middle = census tract with median family income between 80 and 120 percent of County MFI
Upper = census tract with median family income above 120 percent of County MFI
2. Originations = loans approved by the lending institutions and purchased by the applicants.

Source: HMDA data collected by the Federal Financial Institutions Examination Council (FFIEC), 1994, and tabulated using the PeerTrax software developed by the CenTrax Group.

B. POTENTIAL GOVERNMENTAL CONSTRAINTS

This section of the Element evaluates whether any government regulation in Santa Monica acts as a constraint to the production, maintenance, or improvement of housing for all income groups. In assessing whether a city program operates as an actual constraint on housing production, this Element uses the following definition of "actual governmental constraint":

A program will constitute an actual governmental constraint on new housing production within the meaning of Government Code § 65583(a)(4) if the program, either individually or in combination with other governmental programs, has a significant adverse impact on the City's ability to meet its fair share of the regional need for additional housing determined in accordance with the Southern California Association of Governments' regional housing need allocation process.

Operationally, this Element interprets this definition to mean that a "constraint" is a City policy or program that substantially interferes with the ability of the market to produce new housing in Santa Monica, as measured by the City program's impact on the economic feasibility of an average project that would be undertaken by a reasonably experienced and well-informed property owner or developer.

Local government can affect the production of housing in a variety of ways, including limiting the land designated for residential development and/or the densities at which that development can occur, imposing fees or exactions (park and recreation taxes, permit processing fees, etc.), and requiring lengthy review periods prior to approval or denial of a project. However, it is important to recognize that the goal of producing additional housing may at times conflict with other City goals, such as the desire to provide sufficient open space and recreation facilities, the desire to protect unique environmental features and historic resources, and the desire to ensure the health and safety of the City's residents by maintaining the current level of community services and infrastructure. Additionally, housing production goals may conflict with housing goals related to the preservation and maintenance of the existing housing stock, and the provision of affordable housing for all economic segments of the community. The City's experience has been that without governmental regulation, affordable housing has not been produced by the marketplace when existing housing is recycled. The need for housing production for all economic segment of the community must be balanced against these other City goals. This Element examines the effect of existing governmental regulations on overall housing production, the preservation and maintenance of existing housing, and the provision of affordable housing.

1. Land Use Controls

The City regulates the type, location, density, and scale of residential development primarily through the Zoning Ordinance. In general, the City's zoning regulations are designed to balance the goal of providing affordable housing opportunities for all income groups with the goals of protecting the health and safety of residents and preserving the character and integrity of existing neighborhoods.

Overview of Zoning Categories and Densities

Based on existing (1996) zoning designations, 3,615 acres of land in Santa Monica are devoted to residential uses, representing 67 percent of the City's land area (refer to **Table III-2**). Commercial zoning districts also permit residential development (discussed in detail later), providing an additional 13 percent (709 acres) of the City's land area for residential uses. Table E-4 in Appendix E provides a comparison of residential land use allocation among several westside/south bay jurisdictions. Including residential uses permitted by right in commercial zones, Santa Monica has designated the largest proportion of its land for residential uses among the six communities evaluated. Residential zoning districts in Santa Monica include the following:

R1	Single Family Residential--one unit per parcel
R2R	Low Density Duplex--minimum 1,500 square feet of lot area per unit
R2	Low Density Multiple Residential--minimum 1,500 square feet of lot area per unit
R2B	Low Density Multiple Residential Beach District - one dwelling unit per 1,500 square feet of lot area on lots larger than 4,000 square feet.
R3	Medium Density Multiple Family Residential--minimum 1,250 square feet of lot area per unit
R3R	Medium Density Multiple Family Coastal Residential District - one dwelling unit per 1,200 square feet of lot area on lots larger than 4,000 square feet.
R4	High Density Multiple Family Residential--minimum 900 square feet of lot area per unit
OP1	Ocean Park Single Family Residential--one unit per lot, no second units
OPDU	Duplex Residential--two units per lot
OP2	Ocean Park Low Multiple Residential--one dwelling per 2,000 square feet of lot area
OP3	Ocean Park Medium Multiple Residential--one unit per 1,500 square feet of lot area
OP4	Ocean Park High Multiple Residential--one unit per 1,250 square feet of lot area

**TABLE III-2
EXISTING ZONING DESIGNATIONS**

Zone Types	Acres	Percent of City Total
Commercial	827	15.40%
Residential		
R1- Single Family Residential	1,688	31.43%
R2R- Low Density Duplex	10	0.18%
R2 - Low Density Multiple Family Residential	976	18.17%
R2B - Low Density Multiple Family Residential Beach District	14	0.26%
R3 - Medium Density Multiple Family Residential	183	3.40%
R3R - Medium Density Multiple Family Coastal Residential District	2	0.03%
R4 - High Density Multiple Family Residential	27	0.50%
OP1 - Ocean Park Single Family Residential	15	0.28%
OPDU - Ocean Park Duplex Residential	3	0.14%
OP2 - Ocean Park Low Multiple Family Residential	263	4.89%
OP3 - Ocean Park Medium Multiple Residential	11	0.20%
OP4 - Ocean Park High Multiple Family Residential	28	0.52%
R2-NW - Low Density Multiple Family/North of Wilshire	224	4.17%
R3-NW - Medium Density Multiple Family/North of Wilshire	84	1.56%
RVC - Residential-Visitor Commercial	70	1.30%
RMH - Residential Mobile Home Park	11	0.20%
Industrial	377	7.02%
Civic	53	0.98%
Parks	141	2.62%
Airport	199	3.70%
Beach and Beach Parking ¹	164	3.05%
TOTAL	5,370	100.00%

1. Beach and beach parking areas are not zoned.

Source: City of Santa Monica, City-wide GIS, January 1997.

The R2 zone, one of the City's lowest density and most prevalent zone districts, provides for a minimum density of 1,500 square feet per unit, or the equivalent of approximately 29 units per acre. This density exceeds the 25 unit per acre benchmark typically utilized by the State Department of Housing and Community Development (HCD) as the minimum density threshold necessary to achieve housing affordable to lower income households in urbanized areas. Furthermore, the City's experience has shown that most multi-family projects qualify for the State density bonus when fulfilling inclusionary housing obligations on-site. The City's highest density multi-family zone district, R4, provides for a minimum density of 900 square feet per unit, the equivalent of approximately 48 units per acre. In comparison with most Southern California jurisdictions, Santa Monica is both zoned and developed at higher overall residential densities.

Provisions for Second Units

Second units are defined as an attached or detached dwelling units which provides complete, independent living facilities for one or more persons including permanent provisions for living, sleeping, cooking and sanitation, located on the same lot on as the primary structure. On October 15, 1996, the Santa Monica City Council adopted an interim ordinance making the findings required by law, clarifying the existing policy of allowing second units in multi-family districts. These circumstances include allowances for second units in single-family zones for the use of dependents of the property owner, such as elderly relatives or physically or mentally disabled adult children, or care givers of the property owners or dependents of the property owner, such as health care providers. This ordinance represents a modification of the City's previous regulations which precluded development of second units in the R1 and OP1 districts under any circumstances.

The City Council's policy to limit provisions for second units in single-family zones is based on their concern for preserving the quality of life in those limited single-family neighborhoods remaining in the community. Residential streets in the City's R-1 and OP1 districts are already impacted by traffic and parking from the hundreds of thousands of people who work in the city, visit the city, or commute out of the city on a daily basis. In addition, in portions of the city, the commercial zones which run along the city's major east-west thoroughfares are adjacent to R-1 neighborhoods, and further impact the quality of life in these neighborhoods with traffic, noise and parking spillover. Moreover, a substantial number of second units already exist in the city's R-1 neighborhoods, built either as "accessory units" and not permitted for dwelling, or built illegally without permits. Taken together, these factors result in single family neighborhoods which are already noisier, and more subject to parking and traffic problems than their zoning designations would indicate.

During public hearings held before the Planning Commission and City Council in September and October 1996 on the City's proposed interim second unit ordinance, a significant number of residents expressed their concerns about permitting the development of additional second units in the R-1 and OP1 districts. These concerns included; the creation and exacerbation of traffic and parking problems; inordinate demand on the infrastructure of older neighborhoods planned to accommodate R-1 densities; increased noise; increased air pollution; security risks; and the lack of quiet, peaceful spaces in the community. The City increased air pollution; security risks; and the lack of quiet, peaceful spaces in the community. The City Council's policy decision to limit the circumstances under which second units are permitted in single family zones reflects the consensus of public opinion presented both orally and in writing at these public hearings.

The limitation of second units in the R1 and OP1 districts is not viewed as a constraint upon the development of housing for all income levels in Santa Monica for the following reasons:

Adequate sites are not dependent on second units. The City's residential site inventory for the 1998-2003 period contained in Section II.D of the element demonstrates the City has adequately zoned land at appropriate densities to fulfill its regional housing growth needs by income level. With only 16 units of the Santa Monica's over 4,000 unit growth potential occurring in the R1 and OP1 districts,

fulfillment of the City's 3,219 unit regional needs requirements are not dependent upon increased development in these zones.

Second units would not add significantly to the City's housing stock. Even if the City were to liberalize its second unit ordinance, it is unlikely that second units would have a significant impact on the new housing stock during this planning period. The majority of requests for second units in single-family districts would likely be for legalization of existing "bootleg" units and not for the construction of new housing units.

Second units would not provide affordable rental housing. The City does not believe that newly constructed second units would necessarily be affordable. The City has no ability to control the rents on these units under the Rent Control Ordinance as they would be exempt as new construction, and these units are also not subject to Proposition R Inclusionary Housing requirements. Data provided by the Rent Control Board tracking the rent levels of units decontrolled as a result of Costa-Hawkins demonstrates that these units are losing their affordability. Given the rent levels commanded for these units, there is no reason to believe that newly constructed second units would be offered at affordable rents.

Because of these considerations, the City does not consider second units to be an integral part of Santa Monica's overall program strategy to proactively assist in both production and preservation of affordable housing.

Provisions for Housing in Non-Residential Zones

In addition to the range of residential zoning districts described above, the City allows a variety of residential development in non-residential zones (refer to **Table III-3**). More specifically, multi-family housing is permitted by right in BCD, CP, RVC, CM, C2, C3, C3C, C4, C6, and BSC districts. Such housing is also conditionally permitted in the MI and C5 districts. Moreover, in several districts, the City offers special incentives for housing. In the C3, C3C, and CM districts, any floor area devoted to residential use is eligible to receive a FAR (Floor Area Ratio) discount of 50 percent. In BCD, C2, C4, and C6 districts, the City offers increased density if at least 30 percent of the FAR is residential.

The City has been successful in encouraging residential development in its commercial zones, with 255 units constructed between July 1989 and March 1996, both within free-standing multi-family developments and as mixed-use projects integrated with retail/restaurant and/or office uses. Of these, three projects totaling 125 units are 100 percent affordable to low and moderate income households (100% of County median income). In addition, as illustrated in **Table III-4**, nine more affordable projects, totaling 264 additional units, are in the development process in commercial zones.

**TABLE III-3
RESIDENTIAL DEVELOPMENT IN NON-RESIDENTIAL DISTRICTS**

Zone Districts	Multi-Family	Artist Studios	Transitional Housing	SROs	Domestic Violence Shelters	Congregate Housing	Senior Housing	Senior Group Housing	Homeless Shelters (<=55 beds)	Homeless Shelters (>55 beds)
BCD Broadway Commercial	✓	✓	✓	✓	✓	✓	✓	✓	✓	CUP
CP Commercial Professional	✓	✓	✓	✓	✓	✓	✓	✓	✓	CUP
RVC Residential-Visitor Commercial	✓		✓	✓	✓	✓	✓	✓		
CM Main Street Special Commercial	✓	✓	✓	✓	✓	✓	✓	✓	✓	CUP
CC Civic Center ¹	✓	✓	✓						✓	✓
C2 Neighborhood Commercial ²	✓	✓	✓	✓	✓	✓	✓	✓	✓	CUP
C3 Downtown Commercial	✓	✓	✓	✓	✓	✓	✓	✓	✓	CUP
C3C Downtown Overlay	✓	✓	✓	✓	✓	✓	✓	✓	✓	CUP
C4 Highway Commercial ³	✓	✓	✓	✓	✓	✓	✓	✓	✓	CUP
C5 Special Office Commercial	CUP	✓	✓	✓	✓	✓	CUP	CUP	✓	CUP
C6 Boulevard Commercial ⁴	✓	✓	✓	✓	✓	✓	✓	✓	✓	CUP
BSC Bayside Commercial	✓		✓	✓	✓	✓	✓	✓	✓	CUP
LMSD Light Manufacturing and Studio ⁵		✓	✓	✓	✓	✓			✓	CUP
M1 Industrial Conservation	CUP	✓	✓	✓	✓	✓	CUP	CUP	✓	CUP

✓ Permitted

CUP Conditional Use Permit Required



Not Permitted

Notes:

1. Permitted uses as specified in the Civic Center Specific Plan. Plan permits live/work space, indicated on matrix as artist studios.
2. Multi-family residential is permitted in the C2 Neighborhood Commercial Dist. along Montana.
3. Multi-family residential is permitted in the C4 Highway Commercial Dist. along Lincoln/Pico.
4. Multi-family residential is permitted in the C6 Boulevard Commercial District along Wilshire.
5. Artist Studios are permitted in LMSD Light Manufacturing and Studio District where not more than 50 percent of the space is residential.

TABLE III-4
AFFORDABLE HOUSING PROJECTS DEVELOPED
IN COMMERCIAL ZONES AS OF OCTOBER 1, 1996

Location	No/Type of Units	Status
1423 Second Street	44 SRO units	Certificate of Occupancy Granted
1328 Second Street	36 SRO units	Certificate of Occupancy Granted
815 Ashland Avenue	45 family units	Certificate of Occupancy Granted
1441 5th Street	33 lower-income units	Pending Planning Approvals
1445 5th Street	33 lower-income units	Pending Planning Approvals
1128-1144 5th Street	32 lower-income units	Pending Planning Approvals
1637 Appian Way	25 lower-income units	Planning Approvals Granted
2807 Lincoln Blvd.	40 lower-income units	Planning Approvals Granted
1144 12th Street	17 total units (including 4 lower-income units)	Under Construction
1422 7th Street	28 moderate-income units	Under Construction
1430 7th Street	28 moderate-income units	Under Construction
1422 6th Street	28 moderate-income units	Under Construction
Total Units:	389 Units	

Source: City of Santa Monica Housing Division, October 1996.

Provisions for a Variety of Housing Types

Housing element law specifies that jurisdictions must identify adequate sites to be made available through appropriate zoning and development standards to encourage the development of a *variety* of types of housing for all income levels, including multi-family rental housing, factory-built housing, mobilehomes, emergency shelters, and transitional housing. While this section on Land Use Controls along with the earlier chapter on the City's Residential Site Inventory addresses provisions for multi-family housing, the following paragraphs will more specifically describe the City's provisions for factory-built housing, mobilehomes, emergency shelters, transitional housing, and other homeless-related housing.

Factory-Built Housing: Pursuant to State law, the City explicitly permits manufactured housing placed on a permanent foundation in all its residential zones. Such housing is subject to the same development standards and design review criteria as stick-built housing as set forth by the zoning district.

Mobilehomes: The City has established a mobilehome park zone as a means of protecting mobilehomes in its jurisdiction. As stated in the City's Zoning Ordinance, "the R-MH District is intended to implement policies contained within the Land Use Element to preserve

and protect existing mobilehome parks as developments that offer alternative types of residential units and opportunities for affordable housing. The City's two mobilehome parks had originally been established as an interim use requiring a conditional use permit.

Transitional Housing, Emergency Shelters and Other Special Needs Housing: Table III-5 illustrates the City's eleven primary residential zoning districts and allowable homeless-related residential uses (Table III-3 delineates the same for the City's non-residential districts). The City's zoning ordinance specifically provides for transitional housing in all its multi-family residential zones, as well as in all its commercial zones. Homeless shelters are conditionally permitted in six residential districts, and in all non-residential zones except for one. The City also specifically provides for hospice facilities and domestic violence shelters in all residential zones, and Single Room Occupancies in all multi-family zone districts.

**TABLE III-5
HOMELESS AND OTHER SPECIAL NEEDS HOUSING
IN RESIDENTIAL DISTRICTS**

Zone Districts	Transitional housing	SROs	Domestic Violence Shelters	Homeless Shelters	Hospice Facilities
R1 Single Family			✓		✓
R2R Low Density Duplex			✓		✓
R2 Low Density Multi-Residential	✓	✓	✓		✓
R3 Medium Density Multi-family	✓	✓	✓	CUP	✓
R4 High Density Multi-family	✓	✓	✓	CUP	✓
RVC Residential-Visitor Commercial	✓	✓	✓	CUP	✓
OP-1 Ocean Park Single Family			✓		✓
OP-D Ocean Park Duplex			✓		✓
OP-2 Ocean Park Low Multi-Residential	✓	✓	✓	CUP	✓
OP-3 Ocean Park Medium Multi-Residential	✓	✓	✓	CUP	✓
OP-4 Ocean Park High Multi-Residential	✓	✓	✓	CUP	✓

✓ - Permitted

- Not permitted

CUP - Conditional

The City further facilitates the development of homeless and special needs housing through a variety of zoning and regulatory development incentives. These include special housing development standards (Sec.9.04.10.14.030) including height and density bonuses, reduced setback requirements, and reduced unexcavated area requirements; reduced parking requirements (Sec.9.04.10.08.040); and planning fee waivers.

Residential Development Standards

The City's residential development standards contain several provisions which might affect housing affordability, including maximum lot coverage requirements, limits on permitted number of stories, front yard setback requirements for multi-family development, a discretionary review process for multi-family projects exceeding specific site review thresholds, and reduced allowable densities in some neighborhoods. The following discussion examines these development standards as well as local regulations that serve to address potential barriers to the provision of housing. For the purposes of comparison, residential development standards adopted by several surrounding communities (Culver City, West Hollywood, Redondo Beach, Manhattan Beach, and Los Angeles) were researched. Appendix E of this Element summarizes the residential development standards for these communities.

Lot Coverage and Story Limitations: Apart from density specified in the zoning ordinance, two standards that may affect the number of units that can be constructed on a given lot are maximum lot coverage and height limits. Santa Monica's zoning ordinance restricts the amount of lot area that may be covered by development to 50 percent in all zones (except R1 where the maximum lot coverage is 40 percent), and limits the height of R2 development to 2 stories (30 feet), R3 to 3 stories (40 feet), and R4 to 4 stories (45 feet).

In part to mitigate the effect of these lot coverage requirements upon affordable housing, the City has adopted standards that give the Zoning Administrator the authority to grant an increase in parcel coverage by up to ten percent of the parcel area for projects conforming to state density bonus guidelines. The City has also adopted a provision to exempt 100 percent affordable housing projects from applicable limits on the number of stories, provided that the height remains within the applicable limit in feet.

Santa Monica's residential height limits for single-family and low density multi-family residential zones are generally comparable to those adopted by surrounding communities. In medium density and high density multi-family residential zones, Santa Monica's height limits are similar to those adopted by the City of West Hollywood, and significantly higher than those adopted by the cities of Culver City, Redondo Beach, and Manhattan Beach (see Appendix E). As can be expected for a highly urbanized area, the City of Los Angeles has significantly greater height limits than any of the surveyed jurisdictions.

Parking Requirements: Santa Monica's Zoning Ordinance requires parking to be calculated on a per bedroom basis. Pursuant to the Zoning Ordinance, two parking spaces in a garage are required for a single-family residence. For multi-family rental housing, the parking requirements are: 1 covered space per studio/efficiency unit; 1.5 spaces per one-bedroom unit; and 2 spaces per unit with two or more bedrooms. The parking requirements for condominiums are slightly higher than those for rental housing: 1 covered space per studio/efficiency unit; and 2 spaces per unit with one or more bedrooms.

To facilitate the development of particular types of housing and to reflect the actual parking demands created by these developments, the City has adopted reduced parking requirements for senior housing, shelters, congregate housing, transitional housing, and affordable housing generally. These "as of right" parking standards are designed to address the unique nature of each of these housing types. For example, affordable, deed-restricted one-bedroom units are required to have 1 space per unit rather than 1.5 for apartments and 2.0 for condominiums as required; similarly, affordable, deed-restricted two-bedroom units are required to have 1.5 spaces per unit, a reduction from the standard 2-space requirement. Parking requirements for senior group housing are reduced from 1 space per unit to 0.5 spaces per unit, and may be reduced further to 0.25 spaces per unit for units restricted to low and moderate income households. City policies also establish a standard of 0.5 space per unit for market-rate SRO (single room occupancy) projects and 0.25 space per unit for SROs affordable to low and moderate income households.

Appendix E provides a comparison of parking requirements adopted by Santa Monica and by the surrounding communities. In comparison, Santa Monica has the second lowest parking requirement for multi-family rental housing among the six communities researched; the City of Los Angeles has the lowest multi-family parking requirement. For condominium units, Santa Monica's parking requirements are higher than those adopted by the cities of West Hollywood and Los Angeles, but are lower than those adopted by the cities of Culver City, Redondo Beach, and Manhattan Beach. Parking requirements for single-family residences are fairly comparable across the six communities. Santa Monica's guest parking requirement are the lowest among the six communities evaluated.

However, in analyzing the financial feasibility of a typical multi-family housing development on a 7,500-lot in the R2 zone, some issues arise. First, the recently enacted reduction in parking requirements for affordable units may not be realized due to the requirement of another part of the zoning code which requires fractional spaces of 0.5 or more to be rounded up to the next whole number of spaces. Second, the combined effect of the parking and envelope standards established by the City could limit the maximum achievable number of units in some development scenarios. This cumulative effect is discussed in detail later in this section.

Yard Setbacks: Use of setback requirements is one mechanism to provide for landscaping and open space for residential development. However, large setback requirements diminish the area of the lot available for development. **Table III-6** lists the Santa Monica Zoning Ordinance requirements for minimum setbacks for residential developments.

In comparison to the surrounding communities, Santa Monica has the highest setback requirements for all residential zones (see Appendix E). The differences in setback requirements range from five to ten feet, or 30 to 70 percent higher than the surrounding communities. However, the Zoning Administrator has the discretion to grant a variance in front, side, and rear yard setbacks for projects conforming to the State density bonus guidelines. More specifically, encroachment of up to 15 percent of one side yard setback, and up to 15 percent of either the front or rear yard setback is permitted.

**TABLE III-6
MINIMUM SETBACK REQUIREMENTS**

Residential District	Front Yard	Rear Yard
Single-Family (R1)	20 ft.	25 ft.
Low Density Multi-Family (R2)	10 ft.	15 ft.
Medium Density Multi-Family (R3)	15 ft.	10 ft.
High Density Multi-Family (R4)	20 ft.	15 ft.

Cumulative Property Development Standards Limitations

While the City's residential development standards, considered separately, are not unduly burdensome compared to other surrounding communities, there are scenarios where the effects of these standards working cumulatively, could serve as a constraint to housing development.

As part of this Element update, an analysis was conducted of maximum achievable building envelope in the City's R2 District. The R2 District was chosen because the preponderance of projects proposed in the City in recent years were located in this district, and because the R2 District has the largest number of sites where new development appears likely in the future. The analysis concludes that the current building envelope standards and parking standard limit the maximum achievable number of units in some development scenarios. The standard R2 lot in Santa Monica is 7,500 square feet, providing five dwelling units by right. The City's inclusionary housing ordinance requires that one unit of a base five-unit project be affordable to a low-income household. This, in turn, triggers the State density bonus requirement. A density bonus of at least 25 percent on top of the five base units adds another two units, for a total of seven allowable units.

The resulting seven units is difficult to arrange in a two-story building. Moreover, based on a unit size of 1,250 square feet for apartments and 1,400 square feet for condominiums, the site cannot accommodate the required 16 parking spaces. Further, the buildable envelope does not leave enough floor area to fully accommodate two-bedroom market rate apartments or condominiums of the unit size stated above.

To resolve these problems, a developer would probably scale back the project to six units (five base units plus one of the two allowed density bonus units), including one affordable unit. Under some circumstances, assuming all two-bedroom units and a unit size of 1,250 square feet for apartments and 1,400 square feet for condominiums, a developer may not be able to fully utilize the State-authorized density bonus.

As a means of addressing this issue, the City is proposing a new program (Program 2.b - Maintain a Density Bonus Program) as part of the Element to study its development standards which affect the building envelope and to consider revisions to such standards as appropriate. For a more detailed discussion of property development standard limitations, refer to the Technical Appendix entitled "Analysis of the R2 District Buildable Envelope."

Additional Zoning Incentives for Affordable and Special Needs Housing

The effect of the City's land use controls are specifically ameliorated for affordable housing by various zoning ordinance provisions. The Santa Monica Zoning Ordinance contains numerous incentives specifically designed to facilitate the development of affordable and special needs housing, including senior and senior group housing, transitional housing, SROs, congregate housing, emergency shelters, and housing for low and moderate income households. These incentives include:

- ***Planning Fee Waiver:*** Planning and Zoning review fees are waived for projects that are 100 percent deed-restricted for affordable housing.
- ***Special Needs Housing by Right in Residential Zones:*** Senior and senior group housing, transitional housing, SRO housing, congregate housing, and domestic violence shelters are permitted by right in all multi-family residential districts.
- ***Special Needs Housing by Right in Commercial Zones:*** Single-family housing, multi-family housing, shelters of less than 55 beds, domestic violence shelters, congregate housing, transitional housing, single room occupancy housing, senior housing, and/or senior group housing are permitted by right in the BCD, BSC, C2, C3, C3C, C4, C6, CM, and CP zones.
- ***Exemption from Story Limit:*** 100 percent affordable housing projects from the applicable limits on the number of stories. Such projects are exempt subject to applicable height limits in each zone.

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- **Height Bonus:** 100 percent affordable housing projects in non-residential zones are eligible for height bonus of ten (10) feet subject to consistency with General Plan Land Use Element.
 - **Augmented Density Bonus:** In addition to the State-mandated density bonus, the ordinance provides for an additional density bonus equal to the State density bonus for 100-percent affordable housing projects. Thus, if a project were eligible for a two-unit bonus, an additional two units would be possible through this provision.
 - **Reduced Parking Requirements:** The Zoning Ordinance contains reduced parking requirements for affordable housing, senior housing, shelters, congregate care housing, and transitional housing. For example, deed-restricted one-bedroom units require one space per unit rather than the two normally required, while deed-restricted two-bedroom units require 1.5 spaces per unit rather than two spaces per unit.
 - **Floor Area Bonus:** 100 percent affordable housing projects located in non-residential zones are eligible for a 50 percent floor area bonus (50 percent of FAR devoted to the units).

2. Effects of Neighborhood Rezonings

Between 1987 and 1993, the City Council adopted revised development standards in four areas of the City. These four areas consisted of the Ocean Park neighborhood area, the North of Wilshire Residential area, Ocean Park Boulevard between Lincoln and 25th Street and San Vicente Boulevard between Ocean Avenue and Seventh Street. An understanding of the historical context of these changes provides insight as to their importance to the community.

Each of the rezonings attempted to control out of scale development, protect the quality and integrity of existing residential neighborhoods and minimize potential environmental impacts caused by increased residential densities. In both the Ocean Park and North of Wilshire neighborhoods there was a rapid rate of new residential development attributable to the features of the neighborhoods such as proximity to the ocean, diversity in the neighborhood and accessibility to commercial areas. Much of the new development altered the character and scale of existing neighborhoods, in some cases, destroying the very qualities that attracted new residents in the first place.

In the area North of Wilshire, permitted residential densities were 35 and 48 units to the acre in contrast to actual densities which were 42 and 57 units to acre. This neighborhood was one of the most dense areas in the City and experiencing related problems such as parking shortages, increased noise and disruptions, and traffic congestion. In Ocean Park, the unique mixture of single family homes, duplexes, triplexes and historically significant structures were rapidly being replaced by large multi-family development. On Ocean Park Boulevard

and San Vicente, the existing development standards resulted in large monolithic structures with little or no relationship to the existing buildings. In all the areas rezoned, new development shifted neighborhoods away from mixed densities to more uniform higher density developments out of scale and proportion to the neighborhood.

Although the rezonings may have reduced permitted densities, the rezonings accomplished other City goals contained in the Land Use Element and Housing Element. These goals related to the protection and preservation of the existing affordable housing stock, protection of the scale and character of existing residential neighborhoods, maintenance of the economic and social diversity in the community, and reduction of environmental impacts in residential neighborhoods.

An analysis of these four rezoning actions was conducted for the City as part of this Element. Key findings include the following:

- *The rezonings all mean fewer allowable units per project.* For an average project that might be proposed in each rezoned area, fewer units can now be built than were allowed at the time the rezoning was initiated, and fewer than would be the case if the pre-rezoning district still applied, but with the specific regulations that now exist for those districts. This downward adjustment is the product of changes in the maximum allowable number of units per parcel and changes to the formulas that define the maximum allowable development envelope.
- *The rezonings result in an aggregate reduction of about 740 units worth of probable multi-family housing development potential, but this reduction is not significant compared with City staff's estimate of the number of net new multi-family units that can be developed elsewhere in the City.* The rezonings reduced the housing production potential by 740 units according to City staff's estimate. The City's analysis indicates that there is a supply of sites (e.g., vacant, underutilized and nonresidential sites on which dwelling units may be constructed) in the City that can accommodate realistically 4,068 units, including the remaining potential in the four rezoned areas. Thus, the 740 units worth of foregone development potential caused by the four rezonings resulted in a 15 percent reduction in realistic development potential (i.e., $4,068 + 740$ pre-rezoning units vs. 4,068 post-rezoning units). Inasmuch as the 4,068 units worth of post-rezoning realistic development potential exceeds the estimate of the City's fair share of regional housing need (i.e., 2,400 - 3,200 units), this reduction in development potential caused by the rezonings would not significantly affect the City's ability to achieve its fair share target.
- *Although the rezonings have an adverse effect on the feasibility of average projects, this amounts to making them "more negative" under current market conditions.* In the Ocean Park community, along the relevant section of Ocean Park Boulevard and in the North of Wilshire neighborhood, a prototypical multi-

family project is not feasible under current and projected near-term market conditions, and although the rezoning makes the financial situation of these prototypes “more negative,” the rezonings themselves are not the difference between a feasible and an infeasible project. Along San Vicente Boulevard, however, a project developed under the pre-rezoning standards that would now apply is probably feasible, but a project developed under the rezoned standards is not. This is a constraint in this area, but it affects a relatively small number of units compared with the City’s regional “fair share” housing goal, and thus is not a constraint from a Citywide perspective.

- *In sum, the rezonings are a potential, but not an actual constraint.* Even considering that the rezonings caused an aggregate reduction in the development potential of four areas of the City (i.e., about 740 units), the City staff estimates that there is a supply of sites available in the City that is more than sufficient to accommodate the estimate of the City's "fair share" of regional housing need. The rezoning on San Vicente Boulevard that renders an average project infeasible, applies to only a very small part of the City's residentially zoned area, and thus does not significantly affect the City's ability to achieve its "fair share" of regional housing need. Thus, whatever degree of hindrance in future housing production the rezonings may have caused, the rezonings alone will not cause a significant adverse impact on the City's ability to achieve its regional fair share target for the 1998 - 2003 planning period.

For detailed discussion, refer to Technical Appendix entitled “Assessment of Four Large-Scale Residential Rezoning Actions as a Potential or Actual Constraint on the Development of Housing.”

3. Codes and Enforcement

A variety of building and safety codes, while adopted for the purposes of preserving public health and safety, and ensuring the construction of safe and decent housing, have the potential to increase the cost of housing construction or maintenance.

Uniform Building Code

Santa Monica is currently using the 1994 edition of the Uniform Building Code (UBC) with local amendments, and adopts updates as the Code is amended. The UBC contains minimum building requirements for such issues as insulation to achieve an interior noise level of 45 dBA, as well as installation of devices/fixtures that reduce energy consumption. While the City is required to enforce the UBC, compliance may sometimes increase the cost of housing production.

Residential code enforcement in Santa Monica is performed on a complaint basis. City records show of the 202 complaints filed during FY 1995, only eight remained unresolved at year's end and required referral to the City Attorney's Office for further action. The City tries to resolve code violations without displacing residents.

American with Disabilities Act (ADA)

The City's building code requires new residential construction to comply with the federal American with Disabilities Act (ADA). ADA provisions include requirements for a minimum percentage of units in new developments to be fully accessible to the physically disabled. Provision of fully accessible units may also increase the overall project development costs. However, like the UBC, enforcement of ADA requirements is not at the discretion of the City, but is mandated under federal law.

Compliance with building code and ADA requirements does increase the cost of housing production, and can also impact the viability of rehabilitation of older properties required to be brought up to current code standards. To the extent the increase in cost makes the cost of housing production or rehabilitation economically infeasible, then it could serve as a constraint to housing production or preservation. However, these regulations provide minimum standards that must be complied with in order to ensure the development of safe and accessible housing.

Seismic Safety

In response to the 1994 Northridge earthquake, the City adopted policies requiring retrofitting of "potentially hazardous" structures, including unreinforced masonry structures, soft-story construction, tilt-up pre-cast concrete buildings, steel-frame buildings, and non-ductile/reinforced pre-cast concrete frame buildings. An estimated 14,000 multi-family units have been identified as soft-story construction, representing 85 percent of the identified potentially hazardous structures in the City. These soft-story units will be required to be retrofitted to the current earthquake building code design standards no later than 1998. As a means of offsetting the retrofit costs to the property owner, the Rent Control Agency allows for a 50 percent pass through of retrofit costs to the project tenants through rent increases.

Retrofit costs on soft-story buildings in Santa Monica average \$6,800 per structure, with a cost range of \$5,000 - \$12,000. According to Rent Control staff, engineering costs can be amortized over a five-year period and other retrofitting costs can be amortized over a 20-year period. Based on these amortization schedules, the average 7-unit building with retrofitting costs of \$6,800 would be entitled to rent increases of \$3 per unit per month.

Overall, the City's retrofit requirements for seismic safety are not considered a constraint to housing preservation as the allowable rent pass-throughs and availability of MERL loans can be used to significantly off-set retrofitting costs. Additionally, over the long-term, seismic upgrading will in turn aid in the preservation and maintenance of the City's housing stock.

4. On-Site and Off-Site Improvements

While Santa Monica is fully developed with its primary infrastructure systems in place, upgrading of such systems is sometimes necessary to accommodate new development. As part of the building permit process, the City can require the provision of on-site and off-site improvements necessitated by the development, such as improvements to alleys, curbs and gutters, streets, sidewalks and street lights, and utility undergrounding. According to the City's Environmental and Public Works Management Department, the average cost of off-site improvements can be generally estimated at 10 percent of the building permit valuation. The cost of such improvements may increase the cost of development, which would ultimately be passed through to future tenants or owners. While these costs do not account for the difference between a feasible and infeasible project, as a means of addressing this issue, this Element includes a new program to assess the feasibility of modifying off-site improvement requirements to reduce housing development cost.

One infrastructure capacity limitation which could potentially impact development in the City relates to sewage treatment. Sewage from the City of Santa Monica is treated at the Hyperion Sewage Treatment Plant operated by the City of Los Angeles. The City of Los Angeles has determined that the plant is operating at or very near its full capacity, and has asked all jurisdictions which send sewage to the Hyperion plant to limit the rate of increase of wastewater flowing to the plant until such time as expansion and improvement of the plant can be accomplished. However, the City has never reached its allocated sewer capacity to date.

5. Fees and Taxes

Development fees and taxes charged by local governments contribute to the cost of housing. Santa Monica charges a variety of planning-related fees to offset the costs associated with permit processing. Fees which may be charged include: Conditional Use Permit (CUP) application fee (for example, condominiums); administrative approval application fee, development review permit application fee, negative declaration preparation fee; tentative and final map application fees; architectural review application fee; plan checks fees for processing by the City's Planning Division, Building and Safety Division, and Environmental and Public Works Management Department; and deed-restriction application fee for inclusionary housing units.

Table III-7 lists the City's adopted planning-related fees for residential development. When a project requires multiple applications, the City places a cap on the combined planning fees to be paid. In addition to planning fees, construction-related fees are also charged to mitigate a development's impact, such as: off-site improvements (discussed earlier); sewer fees; water meter fees; fire line fees; and public property permit fees.

The City conducts an annual assessment of its fees to ensure they reflect the actual cost of providing services. Also, the City attempts to keep its fees in line with similar jurisdictions. Review of fees charged by five surrounding communities indicate that Santa Monica's CUP application fee is high compared to the fees charged by Culver City, Manhattan Beach, Redondo Beach, and West Hollywood, but is in line with that charged by the City of Los Angeles (refer to Appendix E). Santa Monica's fees for site plan/development review and plan checking are also the highest among the surrounding communities. In terms of building permit fees, however, Santa Monica fares the lowest per \$100,000 of building valuation for multi-family projects among the surrounding communities. In fact, the City's building permit fees are the lowest among the 87 cities in Los Angeles County. Overall, the City's fees are generally consistent with other cities.⁴

**TABLE III-7
CITY OF SANTA MONICA
PLANNING-RELATED FEES FOR RESIDENTIAL DEVELOPMENT**

Fee	Fee Schedule
Architectural Review ≤10,000 sf addition; ≤15,000 new 10,000+ sf addition; 15,000+ new	\$363.78 \$634.02
Conditional Use Permit ≤500 sf 500-5,000 sf 5,001+ sf	\$1,361.59 \$2,052.78 \$2,733.57
Deed Restriction	\$363.78
Development Agreement	\$10,000
Development Review	\$3,398.77
Tentative Map	\$1,637.02
Final Map	\$649.61
General Plan Amendment	\$3,637.83
Reduced Parking Permit	\$1,039.38
Plan Check ≤101 sf 101-500 sf 500-5,000 sf 5,001+ sf	\$103.94 \$259.85 \$415.75 \$571.67
Yard Modification/Variance	\$1,039.38

Source: City of Santa Monica, Planning Division, July 1996.

⁴ Most westside jurisdictions have not adopted taxes related to residential development. Therefore, a comparison of taxes on residential development in Santa Monica with other jurisdictions is not included in the comparative analysis of development fees contained in Appendix E.

In addition to standard processing fees, Santa Monica charges the following fees/taxes for new residential development:

- ***School Fee*** - \$1.72 per square foot of gross habitable area (one time fee)
- ***Park and Recreation Tax*** - \$200 per unit (one time tax)
- ***Condominium Tax*** - \$1,000 per unit (one time tax)

Planning and zoning review fees are waived for 100 percent affordable housing projects, and Park/Recreation and Condominium taxes are waived for inclusionary units and low/mod units built using in-lieu fees.

According to the financial feasibility analysis conducted as part of this Element, the sum of City fees and charges (planning fees, construction fees, and taxes) accounts for a significant portion of total multi-family project development costs, both in direct cost terms and in terms of the financing costs. In the eight projects tested in the feasibility analysis, these fees and charges account for \$13 to \$16 per square foot, or from \$15,500 to \$20,400 per unit. However, the analysis concludes that even removing these fees and charges entirely would not render any of the tested development scenarios feasible. As previously discussed, the high land cost in Santa Monica is the overriding constraint to housing development in the City. The City's development fees do not directly impact housing maintenance or improvement. For further analysis of the City's fees and charges, refer to the Technical Appendix entitled "Assessment of the City's Inclusionary Housing Program (Ordinance 1615) as a Potential or Actual Constraint on the Development of Housing."

6. Processing and Permit Procedures

Local governments can discourage housing construction by increasing the time and uncertainty involved in gaining development approval to the point that the costs of processing (including carrying costs on the property) make the project uneconomical, or the complexity and length of the process discourage all but the most motivated of developers. For housing, permits may be necessary from a variety of departments, such as a permit to remove rental units from the Rent Control Board, and Planning Commission approval of a subdivision map and site plan. Nonetheless, processing time for residential projects in Santa Monica is not excessive. Non-discretionary projects located outside the coastal zone can complete the review process in three to four months. All others average six to seven months. The actual review time is dependent on the size and location of the project, and whether it is designed to meet City standards or involves requests for deviations from development standards.

Development occurring within the coastal zone is required to obtain approval of a coastal development permit from the California Coastal Commission, because the City's Local Coastal Plan has not been approved by the Commission. Some Coastal Commission development guidelines are more stringent than those adopted by the City.

Review of the environmental impacts of proposed development under the California Environmental Quality Act (CEQA) can also increase the time and cost of processing development applications. Residential projects which involve no discretionary permit (apartment development less than the Development Review threshold) are not subject to CEQA. Condominium development, which requires both a CUP and subdivision map are subject to CEQA. Small condominium projects may be within categorical exemption and require no initial study or EIR. If a full EIR is required, the processing time can be as much as six months. The City makes every effort to focus the environmental review on the key issues applicable to the project.

Projects Requiring Discretionary Review

Recognizing the difficulty in designing attractive infill development, the City's Zoning Ordinance requires discretionary review for all condominium projects as well as all apartment projects that exceed the development review thresholds. The applicant submits site plans, floor plans, landscaping plans, building and streetscape elevations, and other required studies for review. The development permit application is reviewed by the Planning Commission, and design review is undertaken concurrently by the Architectural Review Board (ARB). The standards for review and approval of these permits provide flexibility in order to ensure compatibility with the variety of development styles and neighborhoods in the City. As a means of assisting development applicants in understanding the City's review procedures, the City is in the process of developing a handbook of interdepartmental regulations and services to guide applicants through the development approval process.

Conditional Use Permit Procedures for New Condominiums

Since 1980, Santa Monica has required the approval of a CUP, in addition to approval of a subdivision map, before a new residential condominium can be constructed in the City. The CUP requires a separate permit application and a public hearing before the City's Planning Commission, whose decision may be appealed by any interested party to the City Council. The CUP application and hearing are processed simultaneously with the application and public hearing required for a subdivision map. The Planning Commission, or City Council on appeal, must make specific findings of fact, and may attach conditions to its approval of the CUP, in addition to required findings and conditions that apply to a tentative subdivision map.

The City's current CUP requirement for condominiums was adopted at a time when many property owners were in the process of converting apartments to condominiums, or proposing to demolish apartments and replace them with new condominiums. City decision makers believed that the additional requirement for approval of a CUP to develop or convert a condominium provided additional protections not available through previous City ordinances.

More specifically, the CUP requirement allows the review of the location of the proposed use, design, configuration of improvements, and potential impact on the surrounding area from the proposed use. By providing for discretionary review of condominium projects through the CUP process, the City is able to more effectively control the design and site layout of projects to enhance compatibility with the surrounding neighborhood.

An analysis of the CUP application process was conducted for the City as part of this Element. Key findings include the following:

- *Nearly all CUP applications for new condominiums have been approved.* Over the 1989-1995 period, almost all (85%) of the condominium CUPs were approved and very few were appealed from the Planning Commission to the City Council.
- *Average processing time for the CUP and related approvals are not burdensome on the feasibility of new condominiums.* The time needed to prepare and process a CUP/subdivision map application through the Planning Commission is about 90 days for an average condominium project, and this is generally consistent with other jurisdictions in the competitive housing market, most of which also require some discretionary permit in addition to a subdivision map in order to approve a new condominium.
- *Procedural costs are also not burdensome on project feasibility.* The costs for legal, architectural and engineering assistance and application processing costs (including the cost of a traffic study for a Mitigated Negative Declaration) are not a significant sum (about \$12,700) in terms of total development costs for an average new six-unit condominium project.
- *Conditions of CUP approval for an average project do not threaten project feasibility.* An analysis of conditions of approval imposed by the City on 32 randomly selected residential condominium applications found that the conditions of approval imposed on the applications did not add significantly and adversely to the cost of developing an average new condominium.

The study concluded that the City's CUP requirement for new condominium projects is not an actual constraint because neither the procedural nor substantive requirements of the CUP process add extra development costs that would render an average condominium project to become financially infeasible. In most cases, the CUP procedural and substantive requirements would apply to the subdivision map approval process even if there were no CUP requirement. The discretionary nature of the CUP process does, however, add a measure of uncertainty to the approval process, and the study concluded that this is a potential constraint to housing development. The City's CUP requirements do not directly impact housing maintenance or improvement. For further analysis, refer to Technical Appendix entitled "Assessment of the City's Conditional Use Permit Requirement for New Condominiums as a Potential or Actual Constraint on the Development of Housing."

7. Article 34

Article 34 of the state constitution requires that any low rent housing project developed, constructed, or acquired by a public agency must first be approved by a majority of the voters living in that jurisdiction. Requiring such public approval can act as a barrier to the development of affordable housing. In compliance with this article, the voters of the City of Santa Monica approved a referendum (Proposition N) in 1978 authorizing the City to "develop, finance, or rehabilitate, but not own or operate within the City, housing for rental to low and moderate income persons, no less than 50 percent of which shall be reserved for persons age 60 or older, not to exceed in total throughout the City, 1 percent of the dwelling units in the City." Article 34 does not bear a direct relationship to housing maintenance or improvement. The City is proposing a new program (Program 2.k) to seek to increase the City's authority under Article 34 to provide added flexibility in producing affordable housing.

8. Ellis Act

The Ellis Act, adopted in 1986, guarantees the right of a property owner to "go out of the rental business," consistent with the requirements of the Act. The City of Santa Monica Rent Control Board ("Board") then adopted procedures for exercising this right, and its "withdrawal" rules and procedures have evolved over time in response to judicial interpretations of the Act and experience. Satisfying the Rent Control Board's requirements for withdrawing rent-controlled units is a prerequisite for receiving final permits to construct a replacement development project on the property, including a new condominium development.

An in-depth analysis of the Ellis Act withdrawal requirement was conducted for the City. Key findings include the following:

- *The process is largely ministerial.* All applications filed to date have been approved, unless they were withdrawn by the applicant.
- *It takes about two months to complete the withdrawal process.* The time needed to process a withdrawal application (median of 59 days) falls within the time frame needed to process an average replacement condominium project (about 90 days).
- *There are no fees to process an Ellis Act withdrawal, but payment of relocation fees for lower-income tenants is required, and many applicants engage legal counsel to assist with the withdrawal process.* The withdrawal process does not require payment of any filing or application processing fees. Under a separate City ordinance, the applicant must, however, pay relocation fees ranging from \$3,000 to \$5,500 to existing tenant households who self-identify and provide supporting documentation that they are "low-income." This would amount to about \$9,250 for an average six-unit building that includes some senior citizen households. The average cost of legal counsel to assist with the application is reportedly less than

\$3,000. Together, these costs are not significant, in that they would not cause an otherwise feasible average replacement project to become infeasible.

- *The Board's regulation imposes some restrictions on renting a new condominium after a rent-controlled apartment building has been withdrawn under the Ellis Act.* The new units may not be rented within five years after the withdrawal becomes effective, although this restriction probably does not apply to an individual condominium unit once it has been sold. These limits may make it financially unattractive to some property owners to construct new replacement condominiums, because they would be barred from renting them at market rate between completion of construction and the first sale of the unit. This is a potential constraint in that it may affect the cash flow of some replacement projects during pre-sale, or the willingness of some buyers to purchase units. It is also probably a temporary situation until January 1, 1999, when the Costa-Hawkins Rental Housing Act removes all caps on the amount of rent that may be charged for voluntarily vacated units. There are more stringent requirements for those who use the Ellis Act to "go out of the rental business," but then construct a new apartment building in place of the existing rent-controlled apartment building, contrary to the intent of the Act.
- *Very few withdrawn properties have been replaced by new multi-family housing developments.* Of the 207 withdrawn properties that did not return to rent control, 28 (14%) properties have received a Certificate of Occupancy for a replacement development project, of which 24 have been for housing projects. The substantial number of Ellis withdrawal properties were in commercial zones and did not need new Certificate of Occupancy for structure to be put to another use.

The City concluded that the Rent Control Board's Ellis Act regulation is not an actual constraint to housing production because neither its procedural requirements, nor its substantive requirements, add extra costs to development that would render an average replacement condominium project financially infeasible. Furthermore, under the Ellis Act, the City can require the property owner to meet certain conditions before removing the units, but cannot compel the owner to maintain the property as rental housing. The Ellis Act does, however, represent an actual constraint to the preservation of the City's existing stock of affordable rental housing, since it facilitates the removal of viable rental units from the market and their replacement with non-rental housing. Since the City's rent controlled housing stock is affordable, removal of this stock from the rental market pursuant to the Ellis Act has resulted in a significant loss of affordable housing. For detailed discussion, refer to the Technical Appendix entitled "Assessment of the Rent Control Board's Ellis Act Removal Permit Process as a Potential or Actual Constraint on the Development of Housing."

9. Rent Control Removal Permits

In the late 1970's the City was confronted by a severe shortage of its housing stock precipitated in large measure by a 15-month period during which Santa Monica landlords

demolished over 1,300 rental units and converted hundreds of others into condominiums. The shortage of housing units resulted in a low vacancy rate and rapidly rising rents and constituted a serious housing problem, endangering the public health and welfare of Santa Monica tenants. The Rent Control Law was adopted as an amendment to the City Charter in 1979 to protect tenants from arbitrary evictions and excessive rent increases, and to maintain the City's affordable housing stock. The law achieves these goals by establishing eviction controls, controlling rents, and regulating the removal of rental housing units from the market. Controlling rents to a reasonable level, limiting evictions, and regulating removals substantially alleviate hardships to Santa Monica tenants. Since the Rent Control Law is part of the City Charter, changes to this law can only be made by a majority vote of the electorate.

Chapter 5 of the Rent Control Regulations specifies the procedures and necessary findings that the Board must make before it will grant one of four "removal permit" categories, two of which now also include special variations to facilitate repair and reconstruction of buildings that were damaged during the 1994 Northridge earthquake. The four removal permit categories are:

- *Category A* (repealed in 1994), for situations in which it can be demonstrated that a landlord is unable to collect the current Maximum Allowable Rent (MAR) for a unit;
- *Category B*, for situations in which it can be demonstrated that the current MAR for the rental units does not provide a "fair return" and the landlord cannot rent the units at the rent necessary to achieve a fair return;
- *Category C* (and the earthquake recovery-related CQ version), when it can be demonstrated that controlled rental units are "uninhabitable," and cannot be made habitable in an "economically feasible" manner; and
- *Category D* (and the earthquake recovery-related DQ version), when the property will be redeveloped with a new multi-family rental project, and the property owner agrees to, among other things, continuing jurisdiction of the Rent Control Law over the replacement rental units, and that no more than 15 percent of the units in the new project will rent at prices "affordable" to "low-income" households. Additional units are not controlled and are not usually included when imposing the 15 percent requirement.

An analysis of these removal permit requirements was conducted for the City. Key findings include the following:

- *Two-thirds of all removal permit applications have been approved.* Although all of these removal permits are discretionary and place the burden of proof on the applicant, overall the Board granted these permits in two out of three cases. The approval rate was highest for Category C and D (and their earthquake recovery

variants, CQ and DQ). Category B had the lowest approval rate because it requires that the applicant first apply for a rent increase, and if successful, the Category B removal permit is denied.

- *The approval processing time for a removal permit is not a burden on replacement multi-family projects.* The analysis also showed that the average time to complete the processing of most removal permits (100-115 days for all but Category B) is not significantly different from the time needed to process planning approvals for a new condominium project (median of 90 days), the most frequent type of multi-family replacement project, and these processes may now run concurrently.
- *Although fees for consultants to assist with the removal permit process are generally higher than for the Ellis Act process, total processing costs do not threaten the financial feasibility of a replacement multi-family project.* The analysis further showed that although the discretionary nature of these permits typically involves a higher level of applicant expenditures for legal counsel and other professional assistance than the more ministerial Ellis Act withdrawal process, the costs for an average project (about \$10,000) are not significant in terms of the overall development costs for an average replacement apartment or condominium project.
- *Removal permits are only required for controlled rental housing.* The removal permit requirements do not apply to residential development of property that does not contain controlled rental units. For instance, removal permit is generally not required for residential development in the City's commercial zones which now allow residential as a matter of right.
- *The Ellis Act preempts the removal permit requirement.* Removal permits are not required for the redevelopment of controlled rental property if the property is withdrawn from the rental market pursuant to the Ellis Act. While the Ellis Act restricts the redevelopment of new apartments, the construction for ownership housing after an Ellis Act withdrawal is not restricted by the Act.
- *Substantive costs are also not significant.* On average, the Board did not impose costly substantive conditions of removal permit approval, except for Category D removal permits. In these cases, post-approval restrictions on the property are specified in the regulation, and it can be assumed that these are not unduly costly, because they are voluntarily entered into by an applicant for this removal permit category.
- *Under current and near-term market conditions, average apartment projects in the R2 District are not financially feasible even without a Category D replacement requirement.*

The City concluded that the Rent Control Board's removal permit regulations are not an actual constraint to housing production because neither their procedural requirements, nor their substantive requirements, add extra costs to development that would render an average replacement multi-family project financially infeasible. The discretionary nature of the removal permit processes do, however, involve a degree of uncertainty about the likelihood of securing all necessary City approvals for a new multi-family project, and hence the removal permit regulations are a potential constraint to housing production. However, these removal permit regulations assist in preserving the City's existing stock of affordable rental housing, providing some protection against market pressures for replacement of apartments. For detailed discussion, refer to the Technical Appendix entitled "Assessment of the City's Rent Control Removal Permits as a Potential or Actual Constraint on the Development of Housing."

10. Proposition R and Inclusionary Housing Program

Approved by voters in 1992, Proposition R requires that 30 percent of the housing produced in the City each year be "affordable" to low- and moderate-income households.⁵ Ordinance 1615 and its subsequent amendments (hereinafter "Ordinance 1615") implements Proposition R, and is the latest in a series of related requirements to "include" affordable housing in new market-rate multi-family projects, dating from the City's 1983 Housing Element.

The City has a responsibility to address the needs of its residents from all social and economic groups for decent, affordable housing. The City meets its responsibility, in part, through its inclusionary housing ordinance. This ordinance seeks to ensure that new housing will meet the needs of all of the city's residents and that the economically diverse population of the City will be maintained. It was specifically intended to achieve this goal by promoting the development of housing for low and moderate income households.

As stated, the Inclusionary Housing Ordinance implements the requirements of Proposition R. This proposition was motivated by a concern that the great majority of new housing being built in the City was luxury condominiums affordable only to the wealthy. By requiring that at least thirty percent (30%) of all new housing built in the City each year be affordable, Proposition R ensures that the City's housing policy reflects a continued commitment to economic diversity in our community.

Ordinance 1615 requires that each new multi-family project of more than two units meet this requirement. "Affordable" rents and condominium purchase prices are calculated each year by City staff based on income thresholds set by the U.S. Department of Housing and Urban Development (HUD). Ordinance 1615 and a City Council-approved administrative guide

⁵ Under Proposition R, "low income household" means a household with an income not exceeding 60% of the Los Angeles County median income, adjusted by family size, and "moderate income household" means a household with an income not exceeding 100% of the Los Angeles County median income, adjusted by family size.

(collectively, the City's "inclusionary housing program") provide detailed directives on various implementation requirements. These include conditions under which a \$51,000 (in 1992 dollars) per-affordable unit fee may be paid to the City in lieu of providing the affordable units on site; a schedule of the number of affordable units that must be provided for various sizes of projects, with subtotals of the units that must be affordable to "low-income" households and "moderate-income" households; limits on renter and buyer eligibility for the inclusionary units; details about the size and distribution of the affordable units in the project; restrictions on the resale price of an affordable for-sale unit; on-going monitoring requirements to ensure that the occupants of affordable units are income-eligible; a deed restriction concerning the affordable housing obligation; and an annual report documenting whether Proposition R's requirements have been met during the previous year.

The analysis of these inclusionary housing requirements conducted for the City indicate the following key findings:

- *The City's inclusionary housing program is generally consistent with similar programs in 63 other California jurisdictions, but differs in some important ways.* These differences are that it has one of the highest inclusionary percentages (30%); it has one of the lowest project size thresholds (a two-unit project); it provides only limited options to on-site placement of the inclusionary units (i.e., does not include land dedication, off-site placement or credit transfers), its in-lieu fee option is available only under very restrictive circumstances; and it has no "hardship exemption" provision to reduce or waive the requirement on a demonstration of project infeasibility.
- *Under current and near-term market conditions, average apartment and condominium projects in the R2 District of the City are not financially feasible without the inclusionary housing requirement.* The analysis of four condominium and four apartment project scenarios (all two-bedroom units assumed) that could be developed in the R2 District under a range of average land cost and rent/purchase price circumstances, and assuming all of the requirements and costs that would apply, *except* the inclusionary housing program and the State density bonus requirement it triggers, found that all of the scenarios yielded negative financial results, such that an experienced and well-informed developer or property owner would not undertake projects similar to the scenarios tested.
- *The inclusionary housing program has a significant adverse effect on project feasibility, but under current market conditions this makes them "more negative."* When the same project scenarios were tested *with* the inclusionary housing program and State density bonus, there was a measurably substantial negative financial effect compared with the "base" cases, but under current market conditions this means they are "more negative." The inclusionary program is not a factor today or in the near term that renders an otherwise feasible project infeasible.

The City's study concluded that if market conditions were to improve to the point where the base cases were feasible, the inclusionary housing program would render them infeasible. The City, therefore classifies the inclusionary housing program as a potential, but not an actual constraint to housing production. The Inclusionary Housing Program does not bear a direct relationship to housing maintenance or improvement. For detailed analysis, refer to the Technical Appendix entitled "Assessment of the City's Inclusionary Housing Program (Ordinance 1615) as a Potential or Actual Constraint on the Development of Housing".

As part of the City's action plan under *Program 2.a - Maintain an Inclusionary Housing Program*, the City is proposing amendments to its Inclusionary Housing Program in order to help support housing production, while complying with Proposition R. Potential changes may include expanding the in-lieu fee option, providing zoning incentives to construct affordable units on-site, satisfying inclusionary obligations by meeting requirements of the State density bonus law and/or tax-exempt bond-financing, and revising in-lieu fee calculation and threshold for on-site affordable units. The City is actively engaged in this process of modifying the inclusionary housing ordinance. Subsequent to Council direction in July, 1997, the City enlisted the professional services of HR&A to assist in the development of alternatives to Ordinance 1615. Six conceptual alternatives were identified and refined through workshops, study sessions and public hearings. More specifically, a Public Workshop was held September 7, 1997 that included an open house segment where participants viewed and commented on display panels that explained the current Inclusionary Program and possible conceptual alternatives. A presentation with group discussion about the existing Inclusionary Program and conceptual alternatives was conducted. Subsequently, Public Hearing and Study Sessions were conducted at the September 10, 1997, February 25 and March 4, 1998 Planning Commission meetings, at the September 18, 1997, February 19 and March 5, 1998 Housing Commission meetings and at the October 7, 1997 City Council meeting.

11. Construction Rate Program

In 1990, as part of the adoption of new zoning regulations for the North of Wilshire area, the City established the Construction Rate Program. This program limits the number of new multi-family residential projects simultaneously under construction within any given block area. More specifically, projects of two or more dwellings are limited to one project per block or within 300 linear feet in the north and south direction of the project. The time limit applies for a period of eight months from the issuance of the building permit.

The purpose of the Construction Rate Program is to reduce the potential for the disruptive effects of construction--noise, traffic, and dust--on a given block area. In recent years, the North of Wilshire neighborhood has been disproportionately subjected to the disruptive effects of construction, warranting the special provisions of the Construction Rate Program. The program does not prohibit new development; rather, it staggers development so as to reduce the concentration of construction effects on a given area. This program applies

exclusively to the North of Wilshire area, which comprises only seven percent of the City's residentially zoned land, and is an area of higher-cost land in the City.

As a result of the Northridge earthquake, extensive repair and reconstruction is in progress. Earthquake rebuilding is not subject to the Construction Rate Program.

This program represents an attempt by the City to balance the goal of promoting the construction of new housing for all income groups (Housing Element, Goal A.1) with the goal of protecting the quality of life in all residential neighborhoods (Objective 1.1, Land Use Element). Furthermore, because this program affects a small proportion of the City's residentially zoned area, it represents a minimal barrier to new development. Thus far, no projects have been delayed as a result of this program and therefore, this program does not constitute a constraint to housing development. The Construction Rate Program does not have a direct effect on the maintenance or improvement of the City's housing stock.

12. Landmarks and Historic Districts Ordinance

The City adopted a Landmarks and Historic Districts Ordinance in 1976, establishing the Landmarks Commission and delegating to the Commission the authority to designate landmarks and make recommendations to the City Council for historic districts. The Landmark Ordinance is designed, in part, to protect improvements and areas which represent elements of the City's cultural, social, economic, political and architectural history. It seeks to safeguard the City's historic, aesthetic and cultural heritage as embodied and reflected in such improvements and areas.

Since the adoption of the Landmarks and Historic Districts Ordinance, the City has designated 31 landmarks and established one historic district, the Third Street Neighborhood Historic District. Between landmark designations and the Third Street Neighborhood Historic District, 51 residences (47 properties) have been designated either as landmarks or contributing historic structures. This represents an average of about 2.5 residential structures per year over a 20-year period. In terms of the overall number of designated residential properties, as well as the rate of these designations, the Landmarks and Historic Districts Ordinance has impacted relatively few properties and therefore does not represent a significant barrier to new development. The vast majority of these properties (36 of 47) are located in the Third Street Neighborhood Historic District. In many cases, existing densities exceed or equal allowable densities (generally 2-4 units) in this district.

Strict timelines apply to prevent the historic designation process from being used to stall new development. For instance, once an application for landmark designation is filed, a Formal Consideration Public Hearing must be conducted within 60 days in order to determine if the application merits further consideration.

Furthermore, the Element attempts to balance the need to accommodate new development and recycling on the one hand with the goal to preserve and protect existing housing on the other. Goal 4.0 of the Element states, "Promote the rehabilitation and continued maintenance of existing housing." Program 7.b - Historic Preservation Enforcement is intended to support this goal.

To facilitate the preservation of designated structures, the City has recently created several preservation incentives for owners of designated properties. These incentives include: the elimination of building permit fees, administrative planning fees, and Certificate of Appropriateness fees; the provision of parking incentives; and the implementation of a property tax reduction program pursuant to Government Code authorization (the Mills Act). The City has facilitated the preservation of one historic structure using incentives authorized under the Mills Act.

The City's Landmarks and Historic Districts Ordinance may serve as a potential constraint to housing production. However, with only 51 residences affected, the ordinance does not represent a significant constraint to development, and provides a mechanism to maintain and improve the City's remaining stock of historic homes.

13. Cumulative Effects of Five City Programs/Requirements

In addition to examining whether specific governmental policies, practices, or regulations constitute a constraint on the production maintenance, or improvement of housing, the City examined the cumulative impact of potential governmental constraints. This analysis is discussed below.

Santa Monica's Multi-Family Production Record Compared With Other Cities in the Immediate Housing Market Area

One way to assess the degree to which Santa Monica's requirements may be having some adverse impact on multi-family housing production is to compare the City's production record with other cities in the same general housing market that do not have Santa Monica's unique mix of requirements. As a threshold matter, if Santa Monica's multi-family production is significantly lower than that of these other jurisdictions, the City's regulatory regime would be implicated as one possible cause.

- *Between 1985 and 1989, Which Covers Los Angeles County's Peak Multi-family Construction Years, Santa Monica's Average per Capita Building Permit Rate*

Ranked Seventh Out of 10 Jurisdictions. The City's approval of about 1,200 units, when expressed as a ratio per 1,000 population, exceeded only Hermosa Beach and Manhattan Beach during this period. Santa Monica, like three other comparison cities, added units while losing population.

- *Between 1990 and 1995, However, Santa Monica's Average Multi-family Building Permits per 1,000 Population Ranked Second Among All 10 Comparison Jurisdictions.* During this more recent period, which includes the 1991-93 recession and a dramatic reduction in multi-family construction activity in the County, Santa Monica's permit performance, expressed in per capita terms, was second only to Long Beach, because of nearly flat population growth at the same time that permits were taken out on nearly 1,000 multi-family units.
- *Over the Entire Decade (1985-1995), Santa Monica Ranked in the Middle of the 10 Jurisdictions in Multi-family Units With Permits Per 1000 Population, but Was First When Units with Permits Are Compared with Population Growth.* Due to a population loss during the first half of the decade and nearly flat population growth during the second half, Santa Monica's ratio of new units to net new residents was by far the highest among all 10 jurisdictions: nearly eight multi-family units in permits for every new resident. The second place jurisdiction, Hermosa Beach, issued permits at the rate of just over one multi-family unit per new resident.
- *Using State Department of Finance Data on Population Growth and Multi-family Housing Growth over the 1990-1995 Period, the Increase in Santa Monica's Multi-family Stock Relative to Growth in the City's Population over the Same Period, Was Second Only to Long Beach.*

These indices do not appear to imply that overall the City's regulatory scheme constitutes a constraint on the production of housing.

Financial Feasibility Implications of the Five City Requirements

As another approach to examining cumulative impact, the City's consultant also examined in more detail the combined effect of five City programs on the financial feasibility of housing production. These five programs are: rezoning, the Conditional Use Permit requirement for condominium development, the Rent Control removal process, the Rent Control Ellis Act withdrawal process, and the Inclusionary Housing Program.

The five Santa Monica requirements do not all apply to every multi-family project, but rather in combinations, depending upon tenure type (i.e., apartment versus condominium), location (e.g., inside or outside the four re-zoned areas), and whether rent-controlled units exist on a site intended for redevelopment. An average condominium project is affected by more of these requirements than an average apartment project. To test the financial feasibility impacts of the combination of the five City requirements, a condominium scenario that

reflects all five requirements was compared with one that has none of them. The “with-requirements” and “no-requirements” base case scenarios used in this comparison are based on two-lot condominium projects in the North of Wilshire neighborhood that was rezoned from R3 to NW-R2.

The comparison of the two scenarios indicates the following:

- *The No-Requirements Base Case Scenario Would Cost About 20 Percent More to Develop.* Under the NW-R2 development standards, the with-requirements scenario would be a two-story building configuration with smaller average market rate unit sizes, including four affordable units with 850 square feet each. The no-requirements base case would feature 13 market rate units with more generous average floor areas (1,554 s.f. vs. 1,311 s.f. for the market rate units) in a three-story configuration. The larger base case scenario would therefore be more expensive to construct than the smaller with-requirements scenario (\$1.6 million vs. \$1.3 million in hard construction cost). When the cost of land, financing and soft costs are added, the total development cost of the larger no-requirements scenario exceeds that for the with-requirements scenario by about 20 percent (\$4.2 million vs. \$3.5 million, including land).
- *The Value of the No-Requirements Base Case Scenario at Completion Is Nearly 40 Percent Higher than the With-Requirements Scenario.* Both scenarios are 13-unit projects, but the with-requirements scenario includes nine market rate and four affordable units, which would have to be sold at prices substantially below market rate, according to the City’s inclusionary housing program. All 13 units in the no-requirements base case are market rate units. Thus, the total proceeds from sale of the units, which is a function of sale price per square foot, for developing the no-requirements base case scenario are considerably greater than the proceeds that could be achieved from the with-requirements (\$4.3 million vs. \$3.1 million, or +38.7%).
- *Under Current Market Conditions, However, the No-Requirements Scenario Is Not Financially Feasible.* Even with all market rate units, the larger no-requirements scenario does not generate enough sale proceeds to offset the cost of sales and total development costs to leave any profit margin, compared with a minimum 50 percent profit margin threshold for a feasible project. Further, the economics of the no-requirements scenario would justify paying a land purchase price equal to only two-thirds of the assumed asking price for land. Thus, the base case scenario, with none of the five City requirements, is not feasible under current and projected near-term market conditions.
- *The With-Requirements Scenario Yields a Measurably Worse Financial Feasibility Result, But Under Current Market Conditions, this Amounts to a “More Negative” Situation.* The same assumptions about the market applied to the with-requirements scenario results in a loss (i.e., total sale proceeds less the cost of sales

and total development cost) that is about three times the loss for the base case (-\$684,882 vs. -\$216,961), and almost no residual land value (\$3.31 vs. \$46.13). Should market conditions improve to the point where the no-requirements base case were to become financially feasible, the analysis suggests that the cumulative effects of the five City requirements would render a project like the one modeled in the with-requirements scenario to become financially infeasible.

Qualitative Effects of the City's Five Programs

Through interviews with applicants, consultants, real estate professionals and others, the City's consultant also explored subjective opinions regarding the development process in the City. The interviews did not constitute a scientific sampling, and at times, the opinions expressed were directly at odds with the facts. The consultant concluded that the subjective feelings reported regarding the development process did not constitute a constraint, but did to some degree, reflect a non-quantifiable affect on the willingness of the private sector to develop new multi-family housing in Santa Monica. The themes expressed in these opinions are summarized below:

Continuous Change in Development Regulations and the Approval Process

Many interviewees expressed in particular frustration with the degree of continuous change in the City's zoning regulations, rent control regulations, and project approval procedures over the past decade. For some, this was a particular problem when their project was caught between changes.

Incompatible Development Standards

Some interviewees noted perceived direct conflicts between various sections of the City's zoning regulations, or the inability to take advantage of various incentives that were intended to promote new housing development, or conflicts between the City's zoning regulations and the Rent Control Board's regulations. With respect to zoning regulations, there is some validity to this concern, as noted earlier in the discussion of the cumulative property development standards limitation. In other cases, the concern reflects the fact that serial revision to the zoning ordinance has resulted in a situation where regulations that affect a particular project are now scattered throughout the ordinance, and cannot be found clearly in one or two sections. According to those who expressed this concern, this increases the chance that some important requirements will be missed in the early project planning stages, necessitating a costly correction when it is discovered at a later date.

Costly Delays in the Discretionary Approval Process

Frustration was expressed with the amount of time required to navigate the approval process, particularly public hearings. Although HR&A's analysis demonstrates that median processing times are not out of the ordinary, these represent the midpoint of a range, and by definition, this means that half of the projects exceed the median. Among those who

complained about the time required to complete the approval process, the most frequent comments included hearing postponements, and extra costs for multiple appearances by consultants, due to the lack of a full hearing body (reduced margin for a winning vote), or because less than a quorum of the hearing body was present at the scheduled time; the scheduling complications of needing to go through multiple public hearings and their appeal processes (such as the Rent Control Board, Planning Commission or City Council and Architectural Review Board); and the degree to which decision-makers in all public hearings seem to accord great weight to the opinions of non-specialists, usually project neighbors, who raise concerns that applicants consider to be lacking in technical merit.

Necessity for Costly Outside Experts at Every Stage

Project applicants expressed concern about the added cost for technical expertise to complete each step of the City's approval process, particularly costs for legal counsel.

Outcomes

The cumulative effects of these concerns lead to the following outcomes, according to some of the interviewees:

- *High Degree of Uncertainty During the Approval Process:* The multiple public hearings required for multi-family projects (larger projects of all kinds and all condominiums), even though they may now be conducted concurrently rather than sequentially, still means that an applicant does not know whether a project will be approved until all steps have been completed. This uncertainty, some interviewees indicate, causes them to take extra expenditures to ensure project approval; expensive persuasion (such as legal counsel and other consultants to ensure project approval; exhibits for the public hearing) in order to better ensure approval of their projects. This adds to the general frustration with the process, and may result in unintended pricing consequences as developers seek a higher financial return for the perceived higher risk associated with the City's approval process.
- *Barriers to Market Entrance:* To the degree that the City's process is perceived by developers as particularly difficult, some interviewees believe, the competitive forces that would tend to keep costs and prices in check are distorted. This is because those who successfully navigate the process, particularly if they have large projects, have a significant competitive edge over those who cannot. In other cases, the perceived complexity of the City's process may discourage some very capable developers with other options from even attempting to seek approvals for multi-family projects in the City.

It is impossible to determine how prevalent similar feelings to those expressed above exist with respect to applicants and other participants in the development process. However, the City has included several measures in its Action Plan under Program 1.b to take steps toward addressing at least some of these concerns. These measures include the development of a

handbook of interdepartmental regulations and services to guide applicants through the development approval process, the improvement and expansion of the existing computerized permit tracking system, and the development of public accessibility to the system. For further discussion, refer to the Technical Appendix entitled “Cumulative Effects of Five City of Santa Monica Requirements on Multi-Family Housing Projects as a Potential or Actual Constraint on the Development of Housing.

**Review of Housing Element
Past Performance**

IV. REVIEW OF HOUSING ELEMENT PAST PERFORMANCE

To develop appropriate programs to address the housing issues identified in this 1998-2003 Housing Element Update, City staff have reviewed the housing programs adopted as part of its last (1993) Housing Element, and evaluated the effectiveness of these programs in delivering housing services.

By reviewing the progress in implementation of the adopted programs, the effectiveness of the last element, and the continued appropriateness of these identified programs, a comprehensive housing program strategy has been developed. The strategy is presented in the final section of this Element.

A. HOUSING PRODUCTION

Quantified Objectives

The City's 1993 Housing Element established a housing production objective of 1,150 new housing units, including 173 lower income units (0-60 percent Median Family Income (MFI)) and 173 moderate income units (60-100% MFI). While the Element's production objectives originally covered the 1989-1994 planning period, these objectives have now been extended to 1998 based on direction from the State Department of Housing and Community Development to reflect the revised housing element cycle. Review of "certificates of occupancy" issued between July 1989 and April 1996 indicates a total of 1,027 units were produced. **Table IV-1** shows the distribution of these units by income category.

Two levels of analyses were performed to determine the affordability levels of units produced between 1989-1996. First, staff compiled an inventory of all projects containing units with affordability restrictions, including inclusionary units, publicly assisted "100% affordable" projects, projects subject to affordability restrictions under rent control replacement housing requirements, and other miscellaneous units with affordability covenants. A total of 336 deed-restricted affordable units were identified, and assigned to the appropriate affordability category.

A second level of analysis was then conducted of the remaining net 691 market-rate units produced during the 1989-1996 period to assess affordability levels. Of these units, 383 were condominiums with sales prices above the level of affordability to moderate income households. The balance, 308 units, were apartments, and staff estimates that 46 units (15 percent) probably rent within the range of affordability for low income households (up to \$938 for two-bedroom unit), and the remaining 262 (85 percent) fall within the range of affordability to moderate income households (up to \$1,406 for two bedroom unit). This estimated income split is based on advertised rents for 100 two-bedroom, non-rent controlled apartments disbursed throughout the City.

In addition to projects issued certificates of occupancy prior to April 1996, additional projects will be completed within the July 1998 planning horizon. Review of project status

reports indicate that as of April 1996, there were a total of 472 units in the project pipeline, including 248 units with building permits and 224 units with planning approvals. Several of these projects are 100 percent affordable, and most include either an on- or off-site inclusionary housing component. Of the total 472 units pending, approximately 57 units will be affordable to very low income (up to 50 percent County Median Family Income (MFI)), 156 units for low income (up to 60 percent MFI), and 121 units for moderate income (up to 100% MFI). Aggregating these pending projects with the 1,027 units already produced during this planning period results in a total of 1,499 units anticipated to be accomplished during 1989-1998. This anticipated level of housing production does not account for demolition activities between 1989 and 1998, and therefore, represents a gross increase in the housing stock. The 1993 Housing Element objective of 1,150 housing units, however, represents a net increase in housing. When demolition is accounted for, the City most probably will fall short of its housing objective of 1,150 units for the 1989-1998 period. This discrepancy between the City's objectives and actual housing production is largely a result of the non-governmental constraints on housing production discussed previously, particularly land cost and the dampened real estate market. These factors will be further discussed in this section.

The City's identified share of regional housing needs (RHNA) as allocated by the Southern California Association of Governments (SCAG) for the 1989-1998 period was 3,220 units - 569 very low income units (up to 50 percent MFI); 785 low income units (up to 80 percent MFI); 615 moderate income units (up to 120 percent MFI); and 1,251 upper income units (more than 120 percent MFI). As presented in Table IV-1, a gross total of 1,499 units are actually expected to be produced during this period, representing approximately half of the City's RHNA.

Several factors caused the level of housing production in the City to fall short of the City's RHNA allocation. First, the City's allocation was unrealistically high. The methodology utilized by SCAG to develop this allocation was flawed because it did not account for the unique characteristics of the City, but rather took a singular approach for the entire region. More specifically, the methodology did not differentiate between densely populated and built-out communities like Santa Monica and communities which can accommodate substantial additional growth. This failure to differentiate between cities penalizes cities which are already built-out and establishes unrealistic RHNA numbers for these communities. As discussed previously, the City is particularly concerned about the vacancy rate assumptions and the household growth forecast used in SCAG's model.

TABLE IV-1
1989-1998 HOUSING PRODUCTION OBJECTIVES
AND ACCOMPLISHMENTS

Income Category	1993 Housing Element Objective ¹ (1)	SCAG Regional Housing Needs Assessment (2)	Develop- ment July 1989 to July 1994 (3)	Develop- ment Aug. 1994 to Mar. 1996 (4)	Pending Develop- ments (5)	1989-1998 Accom- plishments (3+4+5)
Very Low Income (0-50% County Median)	173	569	53	125	57	235
Low Income (51-80% County Median)	(included in Very Low Income)	785	164	3	156	323
Moderate Income (81-120% County Median)	173	615	287	12	121	420
Upper Income (>120% County Median)	804	1,251	358	25	138	521
Total households	1,150	3,220	862	165	472	1,499

1. For consistency with its Inclusionary Housing Program, the City's 1993 Housing Element identified quantified objectives for very low income households, defined as households earning up to 60 percent of County median, and low income households, defined as households earning between 61 and 80 percent of County median.

Also, since 1990, a combination of the 1990-93 recession, the 1992 civil disturbances in Los Angeles, changes in residential real estate lending practices following the national savings and loan scandal, changes in the residential insurance market related to the earthquake, an explosion in foreclosures by lenders, and increasing construction defect litigation, have combined to severely dampen the real estate market in Southern California. These factors have resulted in relatively stagnant housing production throughout the 1990s. This slow down in the economy is highlighted by the difference between the high rate of housing growth projected by the 1989 RHNA and the limited amount of this growth which has actually occurred. As shown in **Table IV-2**, Santa Monica's net housing unit growth represented 16 percent of its RHNA. At the low end, Culver City's net growth represented only 13 percent of its RHNA, and at the high end, West Hollywood accomplished 38 percent of its RHNA.¹ (It should be noted that Table IV-2 reflects net growth adjusted for demolition, so that actual gross unit production is greater than that reflected in the table.)

¹ Attempts were made to collect specific information regarding these cities' affordable housing production by target income groups. None of these cities maintains affordable housing records in a systematic manner, and none was able to provide an inventory of such housing.

Furthermore, some of the housing stock in Santa Monica incurred substantial damage during the 1994 Northridge Earthquake. Much of the City's housing resources, both financial and staff resources, as well as private development efforts, have since been dedicated to rehabilitating/retrofitting the units. (Refer to *Section II - Housing Needs and Resources* for earthquake recovery activities.)

**TABLE IV-2
HOUSING UNIT GROWTH 1990-1996**

City	Total # of Units as of 1/1/1996	Total # of Units 1990 Census	Net Growth 1990-1996	RHNA	% Actual to RHNA
Santa Monica	48,268	47,753	515	3,220	16.0%
Culver City	17,116	16,943	173	1,313	13.2%
Los Angeles	1,325,055	1,299,963	25,092	129,100	19.4%
Manhattan Beach	14,997	14,695	302	1,088	27.8%
Redondo Beach	28,798	28,220	578	3,032	19.1%
West Hollywood	24,075	23,821	254	668	38.0%

Note: 1996 housing units estimates have been adjusted for demolition.

Sources:

1. 1996 housing unit estimates obtained from the State Department of Finance.
2. 1990 Census.
3. Regional Housing Needs Assessment (RHNA), SCAG.

The following section describes the City's progress in implementing its 1993 Housing Element programs related to housing production, preservation, and maintenance, and describes the effectiveness and continued appropriateness of each program for the future 1998-2003 planning period.

GOAL A-1: PROMOTE THE CONSTRUCTION OF NEW HOUSING FOR ALL INCOME GROUPS.

Program A-1.a: Periodic review and revision of planning, zoning, and development regulations to ensure an adequate supply of sites for a variety of housing types and prices.

Progress to Date: In July 1992, the City approved an interim ordinance to facilitate 100 percent affordable and special needs housing through a variety of relaxed development regulations and incentives, including reductions in parking requirements, fee waivers, expedited development review, a height bonus, an augmented density bonus, and other provisions. These measures were adopted on a permanent basis in Ordinances 1687 (June 22, 1993) and 1750 (June 28, 1994). In July 1993, the City Council adopted new development standards that define residential uses as permitted in most commercial

districts and provide for an FAR bonus of approximately 30 percent for residential uses on large parcels in most commercial districts.

This program continues to be appropriate for promoting housing production. However, as part of this Element, a detailed analysis of certain City residential development standards and development review procedures was conducted to evaluate whether these standards and procedures operated as constraints to the production of housing (refer to memoranda contained in the Technical Appendix). This program has been modified in the 1998-2003 Element to become Program 1.a- Assess and Revise, Where Appropriate, City Regulatory Requirements, and sets forth an action plan for further evaluation and potential revision to the following City development standards and procedures: 1) condominium review procedures; 2) multi-family parking standards; 3) off-site infrastructure improvements; and 4) inclusionary housing program provisions.

Program A-1.b: Review the impact of proposed ordinances, assessments, and fees on housing affordability and availability.

Progress to Date: The City prepared a study of its permit processing and development fees to determine whether they are reasonable in light of the costs of providing services. In July 1992, the City adopted an ordinance (#1635) that allows planning fee waivers and expedited development review for projects containing 100 percent affordable housing.

The City has also adopted an Ordinance (#1798) to provide longer terms for all planning permits for affordable housing projects to facilitate the development of such uses in the City.

The City also adopted Ordinance 1834 in December 1995. This ordinance codifies the State density bonus law and requires at least a 25 percent density bonus when lower income or senior income housing units are provided in accordance with the requirements of the State law. It also specifies additional regulatory incentives including parking reductions and reduced setback and lot coverage requirements. Also in 1995, the City adopted an ordinance that created the Light Manufacturing and Studio District (LMSD), which permits live/work studio uses. The following year, the City established the Bayside Commercial District (BSC) which offers height bonuses and FAR incentives for residential development in the downtown. Also in 1996, the City amended the density standard in the R2B zoning district to allow homes to be developed on substandard lots (less than 4,000 sq.ft.) where these lots existed legally prior to 1988.

This program continues to be appropriate for promoting housing production. However, to be more effective, this program has been modified and merged with Program A-1.b to become Program 1.a - Assess and Revise, Where Appropriate, City Regulatory Requirements in the 1998-2003 Element.

Program A-1.c: Provide an expedited and coordinated permit system.

Progress to Date: The City has developed a computerized data base, known as "Permits," containing information on each parcel of land in the City, including information on any proposed building or development project and the status of the review process. Information is now retrievable by address, assessor's parcel number, or location. The City uses the "Permits" data base to facilitate the permit process by tracking the status and progress of applications. A geographic information system (GIS) also is in use for long-range planning projects. Use of the "Permits" data base and GIS improves the internal coordination of permit processing and represents the first step towards improving the process for the public.

This program continues to be appropriate for promoting housing production. It has been modified to become Program 1.b - Streamline Permit Approval Processes in the 1998-2003 Element in order to improve program effectiveness.

Program A-1.d: Define criteria for Architectural Review Board (ARB) actions.

Progress to Date: The City has refined its development standards in the R2 and R3 zones to ensure compatibility with the architectural review programs. More specifically, the Zoning Ordinance now mandates second- and third-floor setbacks to ensure architectural articulation and adequate light and air to units.

The City will continue to implement the architectural review guidelines. This program has now become Program 1.c - Maintain Architectural Review Guidelines and Development Compatibility in the 1998-2003 Element.

Program A-1.e: Where Development Agreements are appropriate for large, phased development projects, encourage the inclusion of measures in the agreement to encourage prepayment of housing in-lieu fees or other actions to increase the supply of affordable housing commensurate with the impact of the project.

Progress to Date: In 1995, the City amended a development agreement to permit the construction of between 365,000 and 895,000 square feet of residential space, either for rent or purchase, without the requirement of a Conditional Use Permit. All moderate-income units and half of the low-income units required under the City's Inclusionary Housing Ordinance will be provided on site.

The City will continue to utilize development agreements as a mechanism to facilitate affordable housing production. This program has now become Program 2.g - Foster Housing Development Through the Use of Development Agreements in the 1998-2003 Element.

Program A-1.f: When a unit is withdrawn from the housing stock, or the landlord recovers possession of a unit and tenant relocation assistance is appropriate, the Santa Monica Municipal Code (Chapter 8B, Article IV, Sections 4855 through 4862) requires that the landlord pay a relocation fee for each unit based upon the size of the unit. An additional fee is required if one or more of the tenants is a senior (62 or over), disabled, or a minor. In lieu of providing financial relocation assistance, the landlord may instead provide actual physical relocation, as long as the tenant is amenable to the relocation and the new unit is comparable to the original unit.

Progress to Date: The City continues to monitor compliance with the Tenant Relocation Assistance Ordinance.

The City will continue to monitor compliance with this ordinance. This program has now become Program 5.d - Tenant Relocation Assistance in the 1998-2003 Element. In addition, this Element recommends a new housing Program 5.e - Explore Establishing a Temporary Relocation Program to provide housing assistance to tenants who are temporarily displaced.

Program A-1.g: Investigate the feasibility of rezoning non-residential areas for residential use in order to mitigate the effects of downzoning in other areas.

Progress to Date: In 1993, the City amended the Zoning Ordinance to conditionally permit residential development in the Special Office Commercial (C5) and Industrial Conservation (M1) Districts, and to permit residential uses in most other commercial districts (BCD, CP, RVC, CM, C2, C3, C3C, C4, C6). In 1995, the City established the Light Manufacturing and Studio District (LMSD) to replace a portion of the M1 district. The LMSD permits studio live/work uses, while preserving existing light industrial uses and providing a location for studio-related uses, such as film and music production and post-production facilities. The City also permits residential development in the commercial Bayside Commercial District (BSC) district, which it established in early 1996.

This program has been fully implemented, and is no longer appropriate for the 1998-2003 Element.

Program A-1.h: Maintain, improve, and develop housing for households with special needs, especially large families, families with small children, the elderly, and the disabled.

Progress to Date: The City's Community and Cultural Services Department and Housing Division provides information and referral services for households with special housing needs. During the 1992/93 Fiscal Year, the City adopted regulations to relax density bonus requirements and provide for reduced parking requirements for senior group housing projects.

In addition, the City's Human Services Division administers a grant to the Westside Center for Independent Living to provide home access modifications for persons with a disability. This program serves approximately 36 households annually.

Other new special needs housing programs established since 1989 include:

- Shelter Plus Care (described in Program A-2.c)
- Family Self-Sufficiency (described in Program C-1.a)
- Family Unification (described in Program C-1.a)

Also, the City has assisted in financing numerous family housing projects built by CCSM (refer to Table II-20). Since July 1989, a total of 164 affordable units in 11 projects have been developed for families.

The City will continue to facilitate affordable housing development for families with children and households with special needs. To improve its effectiveness, this program has been expanded to become Program 2.h - Facilitate the Development of Housing for Families with Children and Program 2.i - Facilitate the Development and Maintenance of Special Needs Housing in the 1998-2003 Element to address the specific housing needs of these groups.

GOAL A-2: INCREASE THE SUPPLY OF HOUSING AFFORDABLE TO LOW AND MODERATE INCOME PERSONS

Program A-2.a: Develop an inclusionary zoning program requiring 30% of all new multi-family units to be affordable to low and moderate income households. Of these units, 50% must be affordable to low income households and 50% must be affordable to moderate income households.

Progress to Date: In November 1990, Santa Monica voters approved Proposition R. Under Proposition R, 30% of all newly constructed multi-family units in projects with two or more units, including rental and owner units, are required to be affordable to-low (60% County median income) and moderate (100% County median income) income households. Of the affordable units, at least 50% must be affordable to low income households and the remainder must be affordable to moderate-income households. The Proposition allows City Council discretion in implementation of this measure. The implementation ordinance for Proposition R was adopted in March 1992.

Since February 11, 1992, planning approvals have been obtained for 23 projects totaling 326 units. Among these approved projects, two projects containing a total of two market rate units and 46 on-site low income units have been issued a Certificate of Occupancy, and another nine projects containing a total of 26 market rate units, 6 on-site low-income units, and 57 on-site moderate-income units were issued a Building Permit. Of the remaining 12 projects that have not received either a certificate of occupancy or building permit, 8 are still active (160 units), and 4 have expired (12 units).

The City's inclusionary housing requirements have been extensively evaluated to assess whether changes should be made to the Inclusionary Housing Program. The analysis, summarized in Section II.B, concluded that the City's Inclusionary Housing Program constitutes a potential constraint to the production of housing. In response to this potential constraint, the City is proposing as part of its action plan under Program 2.a, consideration of amendments to the City's Inclusionary Housing Program. These amendments may include expansion of the in-lieu fee option, as well as other provisions to provide greater program flexibility. Increasing the circumstances under which in-lieu fees may be paid will likely result in more in-lieu fee being paid to the City. The City is also proposing a program (Program 2.k) to increase the City's Article 34 authority to create greater flexibility in the use of these and other funds, for facilitation of the production of affordable housing.

Program A-2.b: Support the efforts of private, non-profit community development corporations.

Progress to Date: Since 1989, the City has supported the efforts of a variety of non-profit housing development corporations, both local and national. These include:

- *Ocean Park Community Center (OPCC):* OPCC is a Santa Monica-based 501C(3) non-profit organization established to provide a comprehensive array of support services including, but not limited to, outreach, case management, transitional housing, and crisis intervention services to low income and homeless individuals. In the Fall of 1995, OPCC with City financial assistance, completed the construction of a 55-bed transitional housing project serving homeless adult men and women.
- *Community Corporation of Santa Monica (CCSM):* CCSM was established in 1982 to develop, purchase and renovate, or facilitate the construction of housing affordable to households of low and moderate income. As of October 1996, CCSM was operating 567 new and rehabilitated units in the City for rental to very low, low and moderate income persons. Of the 567 existing units, 234 were completed between 1989 and 1996.
- *Retirement Housing Foundation:* Founded in 1961 to meet the increasing demand for affordable housing for senior citizens, Retirement Housing Foundation is recognized as one of the foremost nonprofit sponsors of retirement housing in the nation, currently operating nearly 12,000 units of housing for the elderly in communities across the nation. The City assisted RHF in the development of a 72-unit, HUD Section 202-funded senior housing project located at 1121-1135 Third Street, completed in 1992.
- *Menorah Housing Foundation of the Jewish Federation Council (JFC) of Greater Los Angeles:* The Menorah Housing Foundation was formed in 1969 to promote and build affordable senior citizen housing in the Los Angeles area. The Foundation currently owns and/or manages 879 dwelling units in the Los Angeles area and is the sponsor of a 66-unit very low income senior

housing project proposed for 1116-1146 Fourth Street. This project secured a HUD Section 202 Program fund reservation in September 1993. The City has made a \$25,000 predevelopment loan to this project and is considering a permanent loan. The project is currently in the process of obtaining planning approvals.

- *Volunteers of America (VOA)*: Volunteers of America, Inc. is a national, private non-profit organization incorporated in 1896 for the purpose of providing services at the local level in communities across the nation. VOA has completed three senior HUD Section 202-funded housing projects in the Los Angeles area totaling 230 units. VOA is the sponsor of the 40-unit, HUD Section 202-funded senior housing project proposed for 2807 Lincoln Boulevard, which has received City planning approvals and is likely to begin construction in early 1997. The City has made a permanent funding commitment to this project totaling \$475,000.
- *Project New Hope*: Project New Hope, Inc. is a Los Angeles-based non-profit organization incorporated in 1990 for the purpose of building affordable housing for persons disabled due to AIDS/HIV. Project New Hope is currently in predevelopment on a 25-unit supportive housing project at 1637 Appian Way. The City has made a \$215,000 predevelopment loan and a \$900,000 permanent loan to this project. This project is anticipated to begin construction in late 1996.
- *Upward Bound*: Upward Bound House (UBH) was incorporated as a non-denominational 501C(3) in 1990 for the purposes of developing affordable housing. This Santa Monica-based nonprofit is currently in predevelopment on two projects on land owned by the Methodist Church of Santa Monica. UBH proposes to construct a 70-unit affordable senior project at 1011 11th Street and a 22-unit transitional housing project for homeless families at 1020 12th Street. The City has committed \$817,000 in permanent loan funds to the senior project on 11th Street and \$990,000 in permanent loan funds to a transitional project for families on 12th Street. The transitional project is scheduled to begin construction the summer of 1996 and the senior project the winter of 1997.
- *New Directions*: New Directions, Inc. is a west Los Angeles-based 501C(3) non-profit organization established to provide a full spectrum of quality transitional housing and drug and alcohol rehabilitation to homeless veterans. New Directions is currently in predevelopment on a 156-bed transitional/permanent housing facility on the grounds of the West Los Angeles Veterans Administration grounds. The City has committed \$400,000 in permanent loan funds to this project.
- *Step Up on Second*: Step Up on Second, Inc. is a Santa Monica-based 501C(3) non-profit organization established in 1986 to provide a variety of basic and supportive services to mentally ill homeless persons. In December

1994, with a \$411,727 predevelopment loan and a \$1,331,252 permanent loan from the City, Step Up completed construction of a 36-unit single-room occupancy building. The facility is located at 1328 Second Street and houses administrative offices of Step Up as well as providing permanent housing for 36 mentally disabled persons.

The City will continue to provide assistance to non-profit housing developers to facilitate the development of affordable housing. This program has now become Program 2.c - Provide Assistance to Non-Profits in the 1998-2003 Element.

Program A-2.c: Study and develop programs to address the housing needs of the growing population of homeless people in Santa Monica.

Progress to Date: In March 1991, the Santa Monica City Council appointed a Community Task Force on Homelessness. The Task Force was given the mandate to formulate recommendations on immediate and long-term action for the City to better respond to the growing crisis of homelessness in Santa Monica. This culminated in a report entitled "The Santa Monica Task Force on Homelessness: A Call to Action," which provides an action plan for the development of a wide range of homeless policies and programs, including the development of emergency, transitional, and permanent housing for homeless individuals and families. The City hired a Homeless Coordinator to develop policies and programs to address the problems of homelessness in Santa Monica and to work in close partnership with local service providers.

The City provided assistance to the following list of homeless programs and services between 1989 and 1996. (Refer to Table II-11 for a detailed inventory of homeless services and facilities in the City.)

- ***SAMOSHEL Emergency Shelter:*** In 1994, the City developed a 100-bed emergency homeless shelter located at 505 Olympic Boulevard. The City waived Zoning Ordinance requirements (including requirement to obtain a CUP) and City permit fees to expedite development of the Shelter. Operation of the shelter began in September 1994 and it is currently operated by the Salvation Army through an operating grant provided by the City. This program serves approximately 500 homeless persons annually.
- ***New Directions:*** In 1995, the City provided a housing loan to New Directions to develop a multi-purpose housing project for homeless veterans. This project is a 156-bed transitional/permanent housing facility located on the grounds of the West Los Angeles Veterans Administration. Development of this project is currently underway and is anticipated to be completed by Spring of 1997.
- ***Ocean Park Community Center - Turning Point:*** The City provided a capital grant to develop an additional 20 beds of a total of 55 transitional housing beds. This project was completed and opened in 1995.

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- *HUD Shelter Plus Care:* In 1994, the City received a five-year federal grant in the amount of \$4.2 million for rental certificates serving approximately 100 homeless persons annually. This program is being administered through the Santa Monica Housing Authority.
 - *Step Up on Second:* In 1993, the City provided a housing loan to assist Step Up on Second in developing 36 single-room occupancy (SRO) housing units. This project was completed in 1994.
 - *Upward Bound:* In 1996, the City provided a housing loan to develop 22 units of transitional housing for homeless families and children. This project is currently underway and is anticipated to begin construction in the winter of 1997.
 - There have been a number of other homeless case management and supportive services programs implemented since 1989 that have strengthened the City's ability to place homeless individuals and families in permanent housing. These include: the development of a Coordinated Case Management Program; the establishment of a new homeless employment project; the SHWASHLOCK program that provides showers, lockers, and laundry facilities; and a food service job training and employment placement program.
 - In 1996, the City received a \$1.4 million grant through HUD Supportive Housing Program to expand the computer system for the Coordinated Case Management Program over a three-year period.
 - *Federal Emergency Shelter Grants (FESG):* Both City-funded and non-City funded homeless service providers apply directly for this funding. The City assists these providers in their applications with local environmental review and approval, certification of local approval, and verification of site control.

In June 1994, the City permanently adopted the provisions of Interim Ordinance #1635. The City's Zoning Ordinance permits by right a variety of special needs housing, including transitional housing, single room occupancy (SRO) housing and domestic violence shelters, in all multi-family residential districts; permits homeless shelters under 55 beds, domestic violence shelters, transitional housing, and SRO's (among other special needs uses) by right in the RVC, BCD, C2, C3, C3C, C4, C6, CM, CP, C5, BSC, MI, and LMSD commercial zones; and, provides for reduced parking requirements for shelters and transitional housing (among other special needs uses, such as congregate care and senior housing). In June 1993, the City amended the Zoning Ordinance to allow homeless shelters of less than 55 beds as permitted uses, and shelters of 55 beds or more with a Conditional Use Permit (CUP) in the BCD, C2, C3, C3C, C4, C5, C6, CM, and CP zones, as well as the BSC, MI, and LMSD zones. The CC zone permits shelters of any size.

The City will continue to assist local non-profit housing and service providers to address the growing issue of homelessness in Santa Monica. This program will continue to be implemented as Program 2.j - Facilitate the Provision of Emergency, Transitional, and Permanent Housing for the Homeless in the 1998-2003 Element.

Program A-2.d: Promote the use of air rights above city-owned or other publicly owned land for affordable housing.

Progress to Date: During the prior planning period, the City amended its Zoning Ordinance to clarify the authorization of air rights subdivisions. Since July 1989, two air rights projects either have been completed or are in progress. These projects are as follows:

- *1125 Third Street:* The City sold the air rights above a City-owned parking lot to the Retirement Housing Foundation for the development of a 72-unit senior housing project funded under the HUD Section 202 program. The residences are constructed above a City-owned parking structure. This project was completed in 1992.
- *1116-1146 Fourth Street:* The City has entered into an Option to Purchase Agreement with the Fourth Street Senior Citizen Housing Corporation to sell the air rights above the parking lot for the development of a 66-unit senior housing project. This project will be similar to the 1125 Third Street project in that the residences will be constructed above a newly constructed parking structure.
- *Second Street Center:* In addition, the City entered into a ground lease with CCSM for the development of a 44-unit SRO project at 1423 Second Street. Tax credits, City Trust funds, AHP Program funds and a small conventional loan were used to fund this project.

This program has been highly effective in creating additional sites for affordable housing development. The City will continue to implement this program as Program 2.f - Explore the Use of City-Owned/Publicly-Owned Land for Affordable Housing in the 1998-2003 Element.

Program A-2.e: Participate in state and federal low and moderate income housing programs, and develop local sources of funds for housing.

Progress to Date: Since July 1989, the City has participated in or applied for the following federal or state grants and programs, and utilized local funds to assist low and moderate income households. A detailed description of each of these programs, including eligible activities and funding availability, is included in Appendix D of this Element. In addition, to review the City's accomplishments with regards to affordable

housing production, refer to Table II-20 for an inventory of the City's existing publicly assisted housing projects.

Federal and State Programs:

- *HUD Section 811 Program:* \$2.4 million has been pledged to Project New Hope to provide 25 units of supportive housing for persons with HIV/AIDS, with project construction anticipated beginning in late 1996.
- *HUD Section 202 Senior Housing Program:* One Section 202 project was recently completed in the City and three others are pending. The Retirement Housing Foundation sponsored a 72-unit Section 202 project located at 1125-1131 Third Street which received approximately \$4 million in HUD funding and was completed in 1992. The pending projects include: the Upward Bound-sponsored 70-unit project proposed for 1011 11th Street has received a funding reservation of approximately \$5.2 million; the VOA-sponsored 40-unit project proposed for 2807 Lincoln Boulevard has received a funding reservation of approximately \$2.98 million; and, a 66-unit project located at 1116-1142 4th Street sponsored by the Jewish Federation Council has received a funding reservation of approximately \$4.9 million.
- *Housing Opportunities for People with AIDS (HOPWA):* In 1994, \$937,000 in HOPWA funds were committed to Project New Hope, described above.
- *Supportive Housing:* In 1995, the City received \$1.4 million through the HUD Supportive Housing Program to provide an expanded case management and peer support program over a three-year period.
- *HOME Program:* Funds received by the City from this program have been committed to three projects. These include a grant of \$990,000 to assist in the acquisition and rehabilitation of 22 units at 1020 12th Street; a \$957,000 grant to assist in the acquisition and rehabilitation of 26 SRO units at 1206 Pico Boulevard; and, a \$400,000 grant to New Directions, a project located in West Los Angeles which will provide emergency, transitional and supportive housing to 155 veterans. The annual HOME Program grant for FY 96/97 is \$623,000.
- *Community Development Block Grant:* The City receives approximately \$1.6 million (FY 95/96 grant award) annually in Community Development Block Grant funds. Of the total FY 96/97 grant amount, approximately \$350,000 is allocated to support the development of affordable housing. In addition, approximately \$327,000 is allocated to the Residential Rehabilitation Program which is used to provide assistance to low-income households and/or property owners renting to a majority of low-income households for minor rehabilitation.

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- *Section 8 Rental Assistance and Housing Vouchers:* Santa Monica participates in the Section 8 Rental Assistance and Housing Voucher programs funded by the federal government. These are the only programs designed to provide assistance to households to occupy existing privately owned units by supplementing their rent payments to make up the difference between 30 percent of income and the market rent. The City began administering the program itself on January 1, 1989, in an effort to make it more responsive to the needs of local residents. Approximately one thousand (1,000) Santa Monica households are currently receiving assistance under this program.
 - *Rental Rehabilitation Program:* Under the federal Rental Rehabilitation Program, the City has received an average \$100,000 each year since 1984 to assist the private owners of rental housing (50 per cent or more of which is occupied by low income households) to rehabilitate their units while maintaining rents at an affordable level. Since 1989, 103 rental units have been rehabilitated in the City under this program. Although the Rental Rehabilitation program was terminated by HUD in 1992, funds remaining from the program are still being used to complete the rehabilitation of two projects in the City, including 24 units at 3 Vicente Terrace and 63 units at 1959 Cloverfield. The City will continue to provide for multi-family rehabilitation activities by non-profits through implementation of the MERL program, and through a proposed new Multi-Family Neighborhood Improvement Program (Program 4.a).
 - *California Housing Rehabilitation Program (CHRP):* \$631,660 from this program was used to supplement a permanent loan from the City for the acquisition and rehabilitation of 15 units located at 1038 Second Street. This program has been terminated by the State.
 - *State Rental Housing Construction Program (RHCP):* \$2,817,000 funds went toward permanent new construction loan for 815 Ashland (45 family units) completed in 1995; \$416,024 towards development of the 12-unit Virginia Village project; and \$1,419,317 for the acquisition/ rehabilitation of Garcia Apartments, a 30-unit project consisting of a mix of very low and low-income units. Garcia Apartments is a scattered-site project consisting of four projects. This program has been terminated by the State.
 - *Housing Development Action Grant (HODAG):* The City received a grant of \$778,000 from the federal Department of Housing and Urban Development and used these funds to extend a permanent loan for the construction of 43 units (OP-43) of housing affordable to lower income households. This program has been terminated by HUD.
 - *California Deferred Payment Rehabilitation Loan Program (DPRLP):* The City received \$200,000 for the acquisition and rehabilitation of a 25-unit project at 3 Vicente Terrace. This program has been terminated by the State.

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- *Low Income Housing Tax Credits:* The California Tax Credit Allocation Committee (TCAC) administers two low income housing tax credit programs - a federal and a state program. Six affordable housing projects have received tax credit allocations from TCAC for the construction of 199 units serving very low and low income households. These include: 1) Cloverfield Community Partners (2020-2030 Cloverfield) - \$362,869 of tax credit investment funds were used to rehabilitate and construct a total of 32 units serving very low and moderate income households. 2) Garcia Apartments Partnership (1544 Berkeley Street, 1828 17th Street, 1968 19th Street, and 1747 15th Street) - \$1,356,750 of tax credit investment funds were used to construct 30 new units serving very low and low income households. Garcia Apartments is a scattered-site project consisting of four projects. 3) Virginia Village Partnership (2324 Virginia Avenue) - \$828,368 of tax credit investment funds were used to construct 12 new units serving very low and low income households. 4) Second Street Center Partnership (1423 Second Street) - \$1,913,252 of tax credit investment funds were used to construct 44 new units serving very low and low income households. 5) 815 Ashland Partnership - \$3,288,266 of tax credit investment funds were used to construct 45 new family units serving very low and low income households. 6) Step Up on Second (1328 Second Street) - \$1,537,548 of tax credit investment funds were used to construct 36 units serving very low income households.

In addition to federal and state programs, the City has created five local programs which produce revenues that are dedicated to production of affordable housing. These programs are identified below:

Local Programs:

- *Tenant Ownership Rights Charter Amendment Tax Revenues:* The City adopted the Tenant Ownership Rights Charter Amendment (TORCA) in 1984. TORCA allows the conversion of rental units to ownership if two-thirds or more of the building's tenants agree to the conversion and one-half or more intend to buy their units. A TORCA tax is paid to the City upon the sale of each converted unit. As of July 1, 1996, no additional TORCA applications can be accepted.

In June 1992, the citizens of Santa Monica adopted an amendment to TORCA (Proposition K) which permits the City to use up to 50 percent of the revenues from the TORCA tax for the development of affordable housing. The City is currently developing trust fund guidelines for this program. So far, the only use of these funds has been a shelter project sponsored by OPCC. The remaining half of these revenues must be used to assist low and moderate income tenants to purchase or improve their TORCA units. This mortgage assistance program is described in Program 5.c in Section V of this Element.

As of June 1996, the City had collected approximately \$7.7 million in TORCA tax revenues. This program is projected to generate approximately \$3 million during the 1998-2003 planning period.

- *Redevelopment Projects:* The City of Santa Monica has established four redevelopment project areas. These areas include: 1) the Ocean Park 1A Redevelopment Area; 2) the Ocean Park 1B Redevelopment Area; 3) Downtown Redevelopment Area; and 4) the Earthquake Recovery Redevelopment Project Area. Under State law, the City is required to set aside at least 20 percent of their tax increment revenues from these redevelopment projects to assist in the production of housing affordable to low and moderate income households. The non-earthquake redevelopment project areas generate approximately \$450,000 per year in set-aside funds for affordable housing.

The Earthquake Recovery Redevelopment Project Area was adopted in June 1994 in response to the January 17, 1994 Northridge earthquake. The main purpose of the Plan is to provide financial assistance to affected property owners and tenants and revitalize those areas of the City most affected by the earthquake. Among the chief goals of the plan are residential housing revitalization and the improvement and expansion of the community's supply of low and moderate income housing. This project is expected to generate approximately \$2.2 million in set-aside funds during the 1998-2003 planning period.

- *Inclusionary Housing Program Fees/Housing Production:* Proposition R and its implementing ordinance require 30 percent of new multi-family units to be affordable to low- and moderate-income households and at least 50 percent of the inclusionary units to be affordable to low-income households. The implementing ordinance also allows the payment of an in-lieu fee under certain circumstances.
- *Office Development Mitigation Program:* The City has adopted an office development mitigation program which requires developers of new commercial office space in excess of 15,000 square feet or additions to existing developments in excess of 10,000 square feet to either provide low income housing or pay an in-lieu fee. Currently, there are approximately \$3.6 million in the Office Mitigation Program account.
- *The Multi-Family Earthquake Repair Loan Program (MERL):* In response to the January 17, 1994 Northridge earthquake, the City established the MERL Program to assist in rebuilding the housing stock. The program is funded through federal HUD monies made available to Santa Monica through the Emergency Supplemental Appropriations Act, including approximately \$8.4 million in HOME funds and \$25 million in CDBG funds. The HOME funds can be used for rehabilitation, acquisition, construction and reconstruction of housing. This program is described in detail in Section II-

C.5 of this Element. Between 1997 and 2002, the City estimates that approximately \$2.2 million will be available to the City through the repayment of MERL loans.

As described above, the City has been successful in utilizing a variety of funding sources to produce affordable housing in its jurisdiction. Table II-20 in *Section II - Housing Needs and Resources* provides an inventory of completed projects and Table III-3 in *Section III - Potential Constraints on Housing Production and Conservation* contains a list of projects currently under development.

With the high cost of housing development and shrinking funding resources, the City will continue to aggressively pursue a variety of housing funds to facilitate the development of affordable housing. This program has now become Program 2.d - Provide Funding to Assist in Housing Production in the 1998-2003 Element.

Program A-2.f: Investigate creative programs to leverage the effectiveness of city financing for housing programs.

Progress to Date: The City has successfully leveraged funds from a variety of State and Federal programs as well as from the conventional lenders.

- *Affordable Housing Program (AHP):* The AHP program is sponsored by the Federal Home Loan Bank to provide below market interest rate loans and grants to developers of affordable housing. The City has expanded the number of conventional lenders participating in local affordable housing projects.
- *Institutional or Conventional Lenders/Banks:* The City worked with conventional lenders and participated as a lender in projects with conventional lenders in funding local affordable housing projects. Some of those institutional lenders include Bank of America Community Development Bank, First Interstate Bank, First Nationwide Bank, Wells Fargo Bank, Home Savings, and First Federal Bank.
- *Low Income Housing Tax Credit (LIHTC):* The California Tax Credit Allocation Committee (TCAC) administers two low income housing tax credit programs -- a federal and a state program. Six affordable housing projects have received tax credit allocations from TCAC for the construction of 199 units serving very low and low income households.

The City will continue to explore creative financing mechanisms to facilitate housing development in the City. To improve its effectiveness, this program has been expanded to become Program 2.e - Explore Alternative Affordable Housing Finance Programs in the 1998-2003 Element. In addition, the City has included a new program, Program 5.c - Maintain a Homebuyers Assistance Program, to expand homeownership opportunities for

low and moderate income households using TORCA funds and Mortgage Credit Certificates (MCCs).

Program A-2.g: Develop a density bonus program to encourage the production of housing affordable to low and moderate income persons.

Progress to Date: In addition to the State density bonus provisions (described under Program 2.b in Section V), the City amended the Zoning Ordinance in 1994 to clarify existing City incentives for affordable housing, which include:

- An elimination of the restriction on the number of floors for 100 percent affordable housing projects, provided that the height does not exceed the maximum limit in the applicable zone district;
- An additional density bonus for 100 percent affordable housing projects;
- A ten-foot height bonus for 100 percent affordable housing projects in non-residential zones;
- An FAR bonus as an incentive for residential development in commercial zones;
- Relaxed density restrictions for congregate housing, SRO's, homeless shelters, and transitional housing;
- Relaxed parking requirements for 100 percent affordable, congregate, and senior housing as well as SRO's and homeless shelters; and
- Density bonuses of up to 50, 75, and 100 percent in the Ocean Park and North of Wilshire zoning districts for 100 percent affordable housing projects.

The City has evaluated its local density bonus incentives as part of this Element update, and is assessing possible modifications to certain development standards to facilitate achievement of the full density increase. This program (with refinements) remains appropriate for the 1998-2003 Element, and is now defined as Program 2.b - Maintain a Density Bonus Program.

Program A-2.h: Develop a land-banking program to ensure availability of land for affordable housing as the City builds out.

Progress to Date: The City has facilitated the development of two projects that have involved long-term land leases on existing City-owned land. In particular, the City has extended a 55-year land lease to both Project New Hope, consisting of 25 apartment units for persons with HIV/AIDS, and Second Street Center, consisting of 44 SRO

units. However, the City has not specifically purchased land to land-bank for future affordable housing use.

Land-banking is difficult given the high cost of land in Santa Monica, the limited sites available, and program guidelines that restrict the use of Federal and State funds for land-banking. This program has been removed from the 1998-2003 Element.

B. HOUSING CONSERVATION AND IMPROVEMENT

Quantified Objectives

The City's housing conservation and improvement objectives set forth in the 1993 Housing Element were to assist 500 households. Review of housing assistance records indicate an average of 100 rehabilitation grants were provided annually in the Pico Neighborhood for needed improvements to both single and multi-family units. In addition, thirteen acquisition and rehabilitation projects, totaling 243 units, have been undertaken during the prior planning period in joint cooperation between CCSM and the City. The Northridge Earthquake has also resulted in significant rehabilitation activity in the City, fostered by rehabilitation assistance made available through the MERL program. In summary, the City well exceeded its objectives for housing rehabilitation.

The following presents the City's progress in implementing its 1993 Housing Element programs related to housing conservation and improvement, and describes the effectiveness and continued appropriateness of each program for the 1998-2003 planning period.

GOAL B-1: PROTECT THE EXISTING SUPPLY OF AFFORDABLE HOUSING

Program B-1.a: Continue to support the Rent Control Charter Amendment.

Progress to Date: Citizens of Santa Monica adopted the Rent Control Law in 1979 and an amendment reaffirming and clarifying it in 1984. The purpose of the Rent Control Law is to maintain the affordable housing stock in the City to protect tenants from unjust evictions. The 1995 Tenant Survey documents a median rent of \$600 for rent-controlled units in Santa Monica, compared to median rents of \$733 for rent-controlled units and \$800 for uncontrolled units in West Los Angeles based on a 1993 Tenant Survey. Rent control has been the major factor in preserving the affordability of existing rental housing in the City. The City has continued to support the Rent Control Law.

Passage of the Costa-Hawkins vacancy de-control regulation has the potential to remove a substantial number of units from the affordable housing inventory in Santa Monica. The potential impacts of this legislation have been extensively evaluated as part of the 1998-2003 Element. To address the impacts of the Costa-Hawkins Act, a new program, Program 3.a - Develop a Costa-Hawkins Mitigation Program, has been included in the 1998-2003 Element, which will replace the previous Program B-1.a. Additionally, as part of this

Element, an extensive evaluation of the City's rent control removal permit requirements was conducted and it was concluded that these requirements do not constitute an actual governmental constraint to housing development.

Program B-1.b: Protect rental housing by limiting the conversion of rental units to market-rate condominiums and cooperatives.

Progress to Date: The City adopted the Tenant Ownership Rights Charter Amendment (TORCA) in 1984 that allows the conversion of rental units to tenant ownership only if two-thirds or more of the building's tenants agree to the conversion and one-half or more intend to buy their units. Tenants not choosing to participate in their building conversion are guaranteed the right to stay in their units under both TORCA and the City's Rent Control Law. The Charter Amendment was modified in 1990 to specify that TORCA is the only mechanism for conversion.

Commencing July 1, 1996, no new TORCA applications can be accepted by the City. However, the City will continue to enforce the tenant protection provisions in the Charter Amendment to protect tenants of converted buildings who choose not to purchase their units (see the new Program 3.c - Maintain a Tenant Eviction Protection Program in the 1998-2003 Element).

Program B-1.c: Protect existing mobile home parks by continuing the mobile home park zone (MHP) designation and other local zoning policies.

Progress to Date: The City has two older mobile home parks. These parks were originally established as an interim use pursuant to a conditional use permit. In order to protect these parks, the City subsequently created a mobile home park zone (MHP) and rezoned these parks MHP. The tenant association at one of these parks is presently seeking to purchase the park, with City assistance and convert the park to tenant ownership. In Fiscal Year 1995/96, the City provided a \$270,000 predevelopment loan to the tenant association to assess the feasibility of the purchase.

This program will be modified and implemented as Program 3.b - Protection of Mobile Home Park Tenants in the 1998-2003 Element.

Program B-1.d: Require replacement of rental units (multifamily, single room occupancy hotels, etc.) proposed for demolition, conversion or other removals, and replacement with either residential or nonresidential development.

Progress to Date: The City no longer requires the one-for-one replacement of rental units removed from the housing stock. However, the City has adopted a series of special programs and procedures to facilitate replacement of units removed as a result of the Northridge earthquake. These include: adoption of an Earthquake Recovery Act Ordinance to streamline permitting procedures and provide additional incentives for

rebuilding; implementation of a Multifamily Earthquake Repair Loan Program; adoption of the Earthquake Recovery Redevelopment Project; and adoption of special rent control provisions for removal permits with associated replacement housing obligations.

While one-for-one replacement of rental units is no longer required in Santa Monica, the City facilitates the provision of replacement housing through a variety of housing programs. This program is therefore no longer necessary for the 1998-2003 Element.

Program B-1.e: Permit conversion of controlled rental units to limited equity cooperatives without involuntary displacement of tenants or loss of affordability.

Progress to Date: The Tenant Ownership Rights Charter Amendment (TORCA) permits conversion of rental properties to limited equity cooperatives, subject to a set of conditions that protect the rights of tenants who do not want to participate in the program and preserves the affordability of the units. In 1993, the City published a comprehensive study of conversions occurring under TORCA to evaluate whether the objectives of TORCA (as defined in the Charter Amendment) were being met. The study showed that as of January, 1992, conversion applications had been submitted for 205 projects including 2,210 units. At that time, about half of the conversion applications had been approved by the City Council, while 70 percent had received planning commission approval. The study showed that the median sales price of a one-bedroom conversion was approximately \$94,500, while the median sales price of a two-bedroom conversion was approximately \$134,000. These prices were affordable to median and moderate income households, respectively. As of June 30, 1996, 325 properties (3,214 units) have been approved for conversion. Of these, 201 properties (1,348 units) have been sold as condominiums.

Since commencing July 1, 1996, no new TORCA application are being accepted. This program has been removed from the 1998-2003 Element.

Program B-1.f: Limit the circumstances under which current tenants may be evicted from their units.

Progress to Date: The Rent Control Law Charter Amendment limits the grounds on which a tenant may be evicted to "just cause." The grounds for eviction include: (1) occupancy by the owner or his/her immediate family; (2) demolition or conversion of the property after obtaining a removal permit from the Board; (3) failure to pay rent; and (4) refusal by the tenant to provide reasonable access for necessary repairs and improvements. Tenants can also be evicted when the owner seeks to withdraw the entire property from the rental housing market pursuant to the Ellis Act. Certain of these evictions entitle the tenant to receive relocation assistance from the tenant's landlord. Additionally, lower income, Ellis Act displacees are given priority for Section 8 and housing voucher programs.

The City has also long maintained housing anti-discrimination protections, which among other prohibitions, prevents a tenant from being evicted if the tenant has increased the number of occupants in the tenant's unit due to marriage or having children.

Ordinance No. 1822 adopted by the City Council in 1995 also prohibits evictions because a tenant has established a domestic partnership.

Ordinance No. 1859, adopted by the City Council in 1996, prohibits specified forms of conduct by a landlord if done maliciously. These include: (a) reducing housing services; (b) reducing maintenance; (c) failing to perform repairs and exercise due diligence in completing repairs; and (d) seeking to terminate a tenancy in bad faith.

The City will continue to implement this program under Program 3.c - Maintain a Tenant Eviction Protection Program in the 1998-2003 Element.

Program B-1.g: Protect the supply of units affordable to the lowest income tenants while permitting landlords to increase revenues from their rental property through the Incentive Housing Program.

Progress to Date: This program permits owners of rental property to raise the rent on a voluntarily vacated unit by setting aside another unit for the exclusive use of a low or very low income tenant. The amount of the rent increase is tied to the value of the set aside--that is a higher increase is permitted for a very low income dedicated unit. The goal is to increase access to rent controlled units for very low income households.

As of April 1, 1996, 37 properties with 438 total units are participating in the Incentive Housing Program. There are 112 dedicated units (30 low and 82 very low income) and 110 incentive units.

With the advent of full vacancy de-control in 1999 under the Costa-Hawkins regulation, this program will no longer provide financial incentives to the owner and therefore has been removed from the 1998-2003 Element.

Program B-1.h: Preserve the City's existing inventory of assisted housing and continue to monitor the status of assisted projects at-risk of converting to market rate.

Progress to Date: As part of the Consolidated Plan efforts, the City has compiled an inventory of assisted housing projects. This inventory is included as Table II-20 in Section II - Housing Needs and Resources of this Element. As part of this Element, the City has identified the assisted housing projects at-risk of converting to market rate and evaluated the at-risk potential of these projects. These at-risk projects are identified in Table II-21.

While this program was not part of the 1993 Housing Element, the City conducted the at-risk housing analysis in compliance with the federal Consolidated Plan regulations. The City will continue to implement this program as Program 3.d - Facilitate the Preservation of At-Risk Housing in the 1998-2003 Element.

GOAL B-2: PROMOTE THE REHABILITATION AND CONTINUED MAINTENANCE OF EXISTING HOUSING WHEREVER FEASIBLE

Program B-2.a: Continue to implement a housing rehabilitation program.

Progress to Date: The City currently designates over 90 percent of its annual Community Development Block Grant for housing programs, including allocation of \$327,000 (FY 1995/96) to the Residential Rehabilitation Program to provide subsidies for minor rehabilitation to low income households. While the federal Rental Rehabilitation Program was discontinued in 1992, and subsequently replaced by HOME and redevelopment set-aside funding sources, remaining funding under this program is still being used to assist rehabilitation of the City's rental housing stock. Detailed accomplishments under both the Rental Rehabilitation Program and HOME program are discussed earlier under Program A-2.e.

The City will continue to preserve its existing housing stock through the provision of rehabilitation assistance. The City is in the process of modifying the handyworker rehabilitation program to better address the changing needs of the community. (See the new Program 4.b - Maintain a Low Income Residential Repair Program). In addition, the City is considering the adoption of a new rehabilitation program to address substandard multi-family residential buildings (see Program 4.a - Explore Establishing a Multi-Family Neighborhood Improvement Program).

Program B-2.b: Enforce housing health and safety codes.

Progress to Date: The Building and Safety Division responds to complaints of violations of City building codes and provides inspections and notices to property owners to bring their units into compliance. This is an ongoing program.

During the 1989-1996 planning period, the City hired two new zoning inspectors to increase responsiveness to zoning complaints. The availability of the zoning inspectors increased the time that building inspectors could allocate to investigating housing code violation complaints.

In response to the building damage incurred from the 1994 Northridge Earthquake, the City adopted a comprehensive set of seismic upgrade regulations. Ordinance #1748, adopted in 1994, requires retrofitting of a variety of potentially hazardous structures within 1-4 years, depending on the building's occupant load. Since adoption of these mandatory retrofit programs, 489 properties (3,200 dwelling units), representing 35% of those in need of improvement, have met the soft-story retrofit requirements. Eighty

non-ductile concrete buildings, incorporating approximately 1,000 dwelling units, also have been retrofitted. Also, eight unreinforced masonry residential buildings were upgraded. The effects of these retrofit programs upon the cost of rental housing is evaluated in Section II-C.5.

The City will continue to enforce the Building and Safety Codes. This program has now become Program 4.c - Maintain a Housing Code Enforcement Program in the 1998-2003 Element. In addition, Program 4.d - Maintain an Earthquake Retrofitting Program has been included in the 1998-2003 Element to address earthquake recovery activities.

Program B-2.c: Evaluate the targeting of rehabilitation programs to ensure that all areas in need of assistance are being adequately served, and encourage the use of volunteers in rehabilitation efforts.

Progress to Date: The City's 1993 Housing Element identified this as a potential new program. Currently the City targets its rehabilitation efforts primarily to the Pico neighborhood, but other areas of the City may also need assistance. Expansion of the rehabilitation program to other areas in need has not yet occurred, but is still appropriate for evaluation.

As part of the 1998-2003 Element update, the City has restructured its rehabilitation efforts. Two rehabilitation programs have been included in the Element - Program 4.a - Explore Establishing a Multi-Family Neighborhood Improvement Program and Program 4.b - Maintain a Low Income Residential Repair Program.

Program B-2.d: Encourage the preservation of architecturally and historically significant neighborhoods and buildings.

Progress to Date: The City adopted a Landmarks and Historic Districts Ordinance in 1976, establishing the Landmarks Commission and delegating to the Commission the authority to designate landmarks and make recommendations to the City Council for historic districts. Since 1976, the City has conducted a historic resources inventory encompassing major portions of the City, designated 31 landmarks, and established one historic district.

Established in 1990, the Third Street Neighborhood Historic District is composed primarily of a mix of single-family and multiple-family dwelling units. Any demolition of or major alteration to a designated landmark or to a contributing structure within the Historic District requires Landmarks Commission approval.

In July, 1991 the City Council amended the Landmarks and Historic Districts Ordinance to provide for incentives to encourage owners of designated properties to maintain and preserve their structures. These incentives include elimination of certain fees, such as building permit fees, administrative planning fees, and Certificate of Appropriateness fees, and provision of incentives including parking incentives, and the implementation

of a property tax reduction program pursuant to Government Code Authorization (the Mills Act).

The City completed the third and final phase of its historic resources survey in 1994. In addition, it conducted an update of its historic resources inventory to take into account the damage to identified buildings, subsequent to the Northridge Earthquake in January 1994. Also, the City has initiated implementation of the property-tax reduction program (Mills Act contracts).

The City will continue to implement this program as Program 7.b - Provide Historic Preservation Programs in the 1998-2003 Element.

Program B-2.e: Rent board staff, with the assistance of City staff, will work to provide information to residential property owners concerning Rent Control Board procedures for increasing rents to pay for capital improvements.

Progress to Date: City staff worked with the Rent Control Agency staff to disseminate information to residential property owners concerning procedures and opportunities to fund capital improvements through petitions for rent increase.

In addition to the regular capital improvement rent increases, the Rent Control Board established a process to respond to the large number of owners applying for earthquake-related rent increases. Under the Q-permit process, Rent Control did not require the net operating income analysis which is fundamental to the regular capital improvement increase process. More than 1,040 earthquake-related increase petitions were filed between January 1994 and June 1995, when the filing period ended. Increases have been authorized for more than 6,500 units. Repair costs approved in petitions have exceeded \$20,400,000.

In addition, the Rent Control Board passed regulation 4113B, Mitigation of Potentially Hazardous Structures. This entitles owners to a rent increase over one-half (1/2) of the amortized portion of qualifying expenditures for soft-story and seismic retrofitting.

Although applications are no longer accepted for Q Petitions, applications are still accepted for Mitigation of Potentially Hazardous Structures to compensate owners for the cost of retrofitting. This program has become Program 4.d in the 1998-2003 Element.

C. HOUSING ASSISTANCE

Quantified Objectives

The City's housing assistance objectives as set forth in the 1993 Housing Element were to continue to provide rental assistance to 768 lower income households and to increase the number of households receiving assistance commensurate with federal funding. The goal was also to assist in the provision of services to the homeless as needed, including provision of emergency assistance to an average of 1,500 persons each month. In addition, the goal was to facilitate the development of emergency shelters and construct 75 units of transitional housing. As indicated under the "Progress to Date" for each of these specific programs, the City has met or exceeded all of its housing assistance goals for the prior planning period.

The following presents the City's progress in implementing its 1993 Housing Element programs related to housing assistance, and describes the effectiveness and continued appropriateness of each program for the 1998-2003 planning period.

GOAL C-1: PROVIDE HOUSING ASSISTANCE TO LOW AND MODERATE INCOME HOUSEHOLDS IN NEED

Program C-1.a: Continue to support and participate in the Section 8 Rental Assistance and Housing Voucher programs.

Progress to Date: The Santa Monica Housing Authority (SMHA) administers two rental subsidy programs: the Section 8 Existing Housing Certificate Program and the Section 8 Housing Voucher Program. Within these Section 8 Programs, the SMHA receives funds for specific groups:

- *Shelter Plus Care* provides rental assistance for permanent housing and case management to homeless individuals with disabilities and their families. This assistance is aimed at the traditionally hard-to-house homeless who are substance abusers, living with AIDS, or have severe mental disabilities.
- *Family Unification* provides housing to families for whom the Public Child Welfare Agency has determined that the lack of adequate housing is a primary factor in either the imminent placement of the household's child/children in out-of-home care or in the delay of discharging to the family a child/children from out-of-home care.
- *Family Self-Sufficiency* coordinates the use of housing assistance with other funds to enable households to achieve economic independence and self-sufficiency.

As of March 1996, the SMHA administered a total of 747 Section 8 certificates and 253 Section 8 vouchers. In addition, the SMHA also administers 152 earthquake certificates which are scheduled to expire on June 30, 1996. Among all the certificates and

vouchers, 627 (63 percent) are under lease to elderly, disabled, or handicapped households.

SMHA has consistently maintained a 95 percent or greater lease-up rate, and typically has a Section 8 waiting list of over two years for most household types.

This program continues to be an appropriate mechanism to provide rental assistance to the very low income households in Santa Monica. This program has been included as Program 5.a - Maintain a Section 8 Rental Assistance and Housing Voucher Program in the 1998-2003 Element.

Program C-1.b: Continue to operate the home access program.

Progress to Date: The Human Services Division administers a grant to the Westside Center for Independent Living to provide home access modifications for persons with a disability. This program assists Santa Monica disabled residents who wish to remain in their current homes but require accessibility modifications to their homes (such as grab bars, wheelchair ramps, accessible hardware, and other related improvements).

The City's on-going policy is to provide housing assistance and supportive services for residents with special needs, including the disabled and homeless. This program has been expanded to become Program 5.b - Maintain a Community Development Grant Program in the 1998-2003 Element to improve coordination among a variety of City programs and activities.

Program C-1.c: Provide assistance to homeless individuals and households to find temporary shelter in cold or inclement weather.

Progress to Date: The Los Angeles County administers an emergency Cold Weather Shelter program utilizing the West Los Angeles and Culver City armories. This program is currently available 70 days a year (mid-November through mid-March). Santa Monica homeless service providers serve as intake sites for bus transportation to the armories on a nightly basis for this program. The City was instrumental in expanding the availability of this program by advocating for a continuous-night shelter program as opposed to a sporadic program that was activated contingent on weather conditions only. The continuous-night model was newly implemented in 1993. The program serves approximately 300 homeless individuals nightly.

In addition, as discussed under Program A-2.c, the City developed and opened the 100-bed SAMOSHEL emergency homeless shelter in September 1994. This program serves approximately 500 homeless persons annually.

Through a twenty-year agreement with the Bay View Holiday Inn, the City receives 365 hotel vouchers per year for homeless individuals and families. These vouchers are

administered through the Santa Monica Police Department's Homeless Liaison Program (HLP) and through Ocean Park Community Center's Outreach Team.

The City's on-going policy is to provide housing assistance and supportive services for residents with special needs, including persons with disabilities and homeless individuals. This program has been expanded to become Program 5.b - Maintain a Community Development Grant Program in the 1998-2003 Element to improve coordination among a variety of City programs and activities.

Program C-1.d: Assist low and moderate income households to purchase their rental units as condominiums.

Progress to Date: As discussed, a tax is paid to the City upon the sale of each unit converted pursuant to TORCA. In June 1992, the citizens adopted an amendment to TORCA (Proposition K) which provides that up to 50 percent of the revenues from this tax is to be used to assist low and moderate income tenants to purchase or improve their TORCA units. The City established the TORCA Shared Appreciation Loan Program pursuant to Proposition K. Under the program, the City may make Shared Appreciation loans to persons living in apartments which are being converted to condominiums who could not otherwise afford to purchase their units. The amount of the loan available from the City depends on household income and the size and price of the unit. Upon sale or transfer, the owner repays the loan and will share any increase in the value of the property with the City. As of June 1996, the city had collected approximately \$3.8 million for the TORCA loan program. As of August 1996, the City has funded 20 loans for a total of \$1,124,840; this results in a City contribution of about \$50,500 per unit. The average sales price of assisted units was about \$114,000 which is affordable to median and moderate income households.

This program has been expanded to become Program 5.c - Maintain a Homebuyers Assistance Program in the 1998-2003 Element to explore additional options/resources for homeownership assistance.

GOAL C-2: ELIMINATE DISCRIMINATION IN RENTAL OR FOR-SALE HOUSING ON THE BASIS OF RACE, RELIGION, NATIONAL ORIGIN, SEX, SEXUAL PREFERENCE, AGE, DISABILITY, FAMILY STATUS, AIDS, OR OTHER SUCH CHARACTERISTICS.

Program C-2.a: Continue to enforce fair housing laws.

Progress to Date: The City Attorney's Office through its Division of Consumer Affairs, along with other government agencies, enforces the fair housing laws. In addition, West Side Fair Housing provides counseling and investigates complaints of discrimination in Santa Monica. It also offers training and education to property owners regarding fair housing laws.

In September 1994, the City prepared the *Assessment of Impediments to Fair Housing Choice in the City of Santa Monica*, which analyzes the need for additional fair housing programs. The findings of the report indicated that current services in the City are satisfactory and accessible, and that most complaints to the Fair Housing Unit regard discrimination against families with children. As required by Federal Law, in 1996, the City reviewed and updated the Fair Housing Assessment report.

The City adopted Ordinance #1812 in 1995 to provide added eviction protection to tenants with domestic partners. More specifically, this ordinance establishes a procedure for filing an "Affidavit of Domestic Partnership" with the City Clerk's Office, and prohibits eviction of any tenant on the basis that he/she has breached the rental agreement as a result of an increase in the number of occupants due to the domestic partnership of the occupant.

This program continues to be an appropriate housing program for Santa Monica; this program has now become Program 6.a - Maintain Fair Housing Programs in the 1998-2003 Element.

Program C-2.b: Require that all subdivisions and other City approved developments prohibit discrimination.

Progress to Date: The City imposes as a standard condition of subdivision map approval the inclusion of anti-discrimination clauses in the conditions, covenants, and restrictions for the project. All subdivisions approved since 1980 have contained this clause.

This program is required by City ordinance and therefore, has not been included in the 1998-2003 Element as an independent housing program.

D. BALANCE HOUSING GOALS WITH OTHER CITY GOALS

GOAL D-1: PROMOTE QUALITY HOUSING AND NEIGHBORHOODS

Program D-1.a: Offer programs to maintain and enhance residential safety.

Progress to Date: The Police Department offers a range of residential safety programs. Through the Residential Security Survey program, the Police Department provides assessments of home security and offers suggestions on how to make improvements. Operation Identification encourages residents to engrave valuable items with an ID number to assist in the recovery of stolen property. The City also continues to promote the formation of neighborhood watch groups, and has provided annual grants to the Neighborhood Support Center (NSC) to provide technical assistance in developing Neighborhood Watch groups, convening neighborhood and community forums on public safety issues, and linkages with the Santa Monica Police Department. Presently, there are approximately 300 Neighborhood Watch Block Captains. The Police

Department also offers a number of other crime prevention and community relations programs as well as educational materials for residents.

The City will continue to offer a range of neighborhood safety programs through the Police Department. This program has now become Program 7.a - Provide a Residential Neighborhood Safety Program in the 1998-2003 Element.

Program D-1.b: Review existing and develop new programs for energy and water conservation.

Progress to Date: Since 1990, the City has implemented the Bay Saver Retrofit Program. As part of this program, residential property owners can receive a \$100 rebate per bathroom to retrofit with a low-flow toilet and showerhead. Alternatively, for a fee of \$35 the City will retrofit residential bathrooms with ultra-low flow toilets and showerheads. The Retrofit program for residential properties ended in June 1996 after achieving the City's goal to retrofit 50% of all residential toilets, which included approximately 39,400 toilets. In Fiscal Year 1992-1993, the City adopted a Retrofit Upon Sale program which requires existing properties to retrofit all toilets and showerheads prior to transfer of title. This program has resulted in the retrofit of approximately 1,600 homes. Also, the City continues to charge a Development Mitigation Fee on new development, the proceeds of which are used to pay for the retrofitting of public facilities in the City and to offset any increase in water usage from the new development. The City also offers outreach and educational programs. These include a home audit to assist residents in identifying ways to conserve water and workshops on drought-tolerant landscaping.

The City enforces State law regarding minimum insulation requirements for new construction. Both Southern California Edison and The Gas Company implement energy conservation programs, particularly for low-income households, that are available to Santa Monica residents.

Conservation of the City's energy, water, and other environmental resources is an on-going City policy. This program has been modified to become Program 7.c - Maintain Energy and Water Conservation Programs in the 1998-2003 Element. In addition, the City has adopted a Sustainable City Program which includes the development of a set of Sustainable Building Development Guidelines (Program 7.d) to address methods to achieve the building-related targets of the Sustainable City Program.

Program D-1.c: Provide for enforcement of permit requirements to ensure that the mitigation of adverse impacts of new development is effective.

Progress to Date: The City enforces planning permit requirements through the plan check and inspection processes. Conditions of approval first are assessed during plan check, prior to the issuance of a building permit; final inspections are conducted to ensure implementation of conditions. Where appropriate, the City requires the

preparation of management plans to assist in the monitoring of operating conditions. Additionally, the City complies with Public Resource Code, Section 21081.6 (CEQA) which dictates that it adopt a monitoring program to ensure implementation of mitigation measures approved as part of a project for which an EIR has been prepared. Consistent with this Section, where feasible, the City adopts mitigation measures as conditions of approval to further ensure their implementation. The City has approved sixteen (16) Development Agreements for specific large, phased developments. The City annually monitors the requirements approved in these Development Agreements to ensure ongoing compliance.

This is a standard City policy implemented through a variety of housing programs, and is therefore not included in the 1998-2003 Element.

Program D-1.d: Coastal zone developments shall conform with relevant state law.

Progress to Date: Although the City has prepared a Local Coastal Plan (LCP), and portions of the Land Use Plan (which are incorporated within the LCP) have been approved by the State Coastal Commission, the entire LCP has not yet been approved. Therefore, all coastal zone projects must be reviewed by the Coastal Commission, as well as by the City. Staff informs all applicants of the requirements of coastal zone development and refers them to the Coastal Commission for further information.

This is a standard City policy implemented through a variety of housing programs, and is therefore not included in the 1998-2003 Element.

Program D-1.e: Balance employment opportunities in the City with the supply of housing to ensure that people who work in the City have a reasonable opportunity to live there and do not have to commute long distances and contribute to regional traffic congestion and air pollution.

Progress to Date: The City has adopted an Office Development Mitigation Program which requires developers of new commercial office space in excess of 15,000 square feet or additions to existing developments in excess of 10,000 square feet to either: (1) provide low income housing and open park space; or (2) pay the City an in-lieu fee to be used for such efforts. Fees received for housing under the program have been allocated to the Citywide Housing Trust Fund. Between 1986 - May 1996, an estimated \$3,610,359 has been collected in office mitigation fees for housing.

Also, since 1993, the City has permitted the development of residential uses in most commercial districts, resulting in over 250 multi-family units developed through March 1996. This policy promotes the integration of residential and commercial uses, helping to minimize travel distances between home, work, and services.

The City will continue to implement this program as Program 7.e - Maintain an Office Development Mitigation Program in the 1998-2003 Element.

E. CITIZEN PARTICIPATION

GOAL E-1: PROMOTE THE PARTICIPATION OF CITIZENS, COMMUNITY GROUPS, AND GOVERNMENTAL AGENCIES IN HOUSING AND COMMUNITY DEVELOPMENT ACTIVITIES

Program E-1.a: Give widespread and timely notice of City consideration of land development proposals and changes in housing programs or regulations governing housing or land development.

Progress to Date: The City expanded the notice requirements for public hearings concerning site-specific developments or housing program matters to include both property owners and tenants and to ensure that all residents or owners within 500 feet are informed of the hearing. In addition to direct mail notices, upcoming hearings are advertised in local newspapers. The availability of further information in Spanish is indicated in these newspaper ads. City Council meetings are broadcast to the public by radio and on local cable stations. Planning Commission meetings are also aired on the local cable station. The City has installed the Public Electronic Network (PEN) which makes available to the public via the Internet, World Wide Web and other modem networks information about development proposals, upcoming hearings, and City regulations.

Through funding support by the City, the Neighborhood Support Center (NSC) works closely with neighborhood associations to notify residents of issues pertaining to land development and changes in housing program policies and regulations through regular distribution of neighborhood newsletter and by conducting public forums to discuss relevant issues.

The City will continue to implement this program as Program 8.a - Maintain a Citizen Notification Program in the 1998-2003 Element.

Program E-1.b: Provide for periodic review of housing policy.

Progress to Date: The City has made progress in implementation of all of the programs identified in the 1993 Housing Element. This Element represents a comprehensive review of the City's housing strategy and policy, and a refinement and expansion of existing programs as appropriate. In addition, the City undergoes annual review of its CDBG, rental rehabilitation, and redevelopment tax increment funded housing and community development programs.

The City will continue to implement this program as Program 8.b - Conduct Housing Element Review in the 1998-2003 Element.

F. SUMMARY OF PROGRAM IMPLEMENTATION

In summary, of the 42 housing programs evaluated in this Section, two programs have been fully implemented between 1989 and 1996, and nine programs have been determined to be no longer relevant for the 1998-2003 Element. The remaining programs have been fine-tuned and/or expanded to better address the housing needs of Santa Monica residents and to respond to the City's detailed review of its existing programs, policies, and regulations. New programs have also been created to augment existing programs to address the City's housing issues in a comprehensive strategy.²

² The City has also reviewed its past performance under the 1983 Housing Element, as part of the Re-evaluation of the 1993 Element (refer to Appendix F).

**Housing Objectives, Goals,
Policies and Programs**

V. HOUSING OBJECTIVES, GOALS, POLICIES, AND PROGRAMS

The Housing Element provides a statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement, and development of housing. This section of the Housing Element is also designed to satisfy the requirement of California State law (Section 65583(b)(1)).

This section highlights the key housing issues facing the City which are addressed in this Santa Monica Housing Element Update (Element Update). Given the expected availability of resources, the City's overall quantified objectives for housing production, rehabilitation, and assistance are set forth for the planning period. Finally, the City's housing goals, policies and programs are presented, including a future action plan for the 1998-2003 planning period, as summarized in the Program Summary Table V-2.

A. SUMMARY OF KEY HOUSING ISSUES

Santa Monica faces a myriad of complex housing issues, and housing funds for construction and rehabilitation are shrinking, particularly from federal and state sources. Understanding these issues is critical to making the difficult policy decisions to create cost-effective housing. The previous Sections II and III contain a comprehensive evaluation of housing needs and potential governmental and non-governmental constraints in Santa Monica; the key issues are briefly summarized below.

1. Effects of Costa-Hawkins Vacancy De-control Regulation

The City of Santa Monica adopted a rent control law in 1979 and currently has an inventory of approximately 30,000 rent-controlled units. Rent control has been an important mechanism for maintaining housing affordability in Santa Monica. Adoption of the Costa-Hawkins Rental Housing Act in the Fall of 1995 by the state legislature, however, brought about statewide de-control of rent-controlled housing upon vacancy. By January 1999, the Costa-Hawkins Act will eliminate any limits on rent increases that may be charged when a tenant voluntarily vacates an apartment unit or is evicted for non-payment of rent. Vacancy de-control will be phased-in so that rents may be raised up to two times upon voluntary vacancy until January 1999, when full vacancy de-control goes into effect. Upon occupancy by a new tenant, units will be re-controlled until vacated again.

In the first eight months of implementation of the vacancy de-control regulation in Santa Monica, over 3,000 units have applied for rent increases. Further rent increases as vacancies occur will drive up the rent levels in the City. The effects of Costa-Hawkins are being evaluated extensively as part of this Element Update. The City is devising mechanisms to mitigate the impacts of Costa-Hawkins.

2. Housing for Families with Children

The percentage and number of families with children, as well as average household size in Santa Monica have continued to decrease since the 1980s. At present, approximately 40 percent of the households in Santa Monica are families, compared to 45 percent in 1980. Several factors contribute to this declining percentage of families with children. The supply of adequately-sized housing units is limited, particularly in the rental market, and limited home purchase opportunities are available given the high for-sale housing costs. For families with income constraints, their ability to locate adequate and affordable housing continues to diminish with rising housing costs. Overcrowding results as many families overpay for housing and/or live in small housing units to save on housing costs.

The City's policy is to facilitate the development of housing suitable for family living and at affordable costs. The City will also provide for a broad range of supportive services including, but not limited to, child care and employment assistance to low income families (see Goal 5.0).

3. Housing for Special Needs Populations

In recent years, the City has sought to maintain an open housing market that attracts a diverse population of varied ages, race/ethnicity, and incomes, through aggressive housing policies. In particular, the City has a strong commitment to providing housing and supportive services to persons with special needs (see Goal 5.0), including:

Senior Citizens

According to the 1990 Census, elderly residents represent over 16 percent of the population in Santa Monica. In the planning and development of housing for the elderly, particularly for those who live alone, appropriate unit size, affordable cost, and easy access to transit, services, and health care facilities need to be considered.

Persons with Disabilities

The 1990 Census documents that over 11 percent of the City's population aged 16 or over had work, mobility, and/or self-care limitations. These people may require a barrier-free living environment and easy access to transit, services, and employment centers. As many disabled persons earn lower incomes, housing affordability is also a concern.

Persons with HIV and AIDS

The Los Angeles County Department of Health Services, HIV Epidemiology Program, estimates that there are currently 1,000 residents in Santa Monica who are HIV positive. According to the Santa Monica AIDS Project, at present there are approximately 290 AIDS/HIV patients in Santa Monica who are receiving medical treatment. As the disease progresses, these patients will require various types of assistance with legal, medical, employment, and housing issues.

4. Homeless Populations

Santa Monica has a significant homeless population. Homelessness is not caused by merely a lack of shelter, but involves a variety of underlying unmet social and economic needs. When continuing and expanding the strategy to address homeless issues in Santa Monica, the City will continue a comprehensive policy that promotes a balanced continuum of care for the homeless, integrating outreach, intake and assessment, emergency shelter, transitional housing, permanent housing, case management, employment, and supportive services.

5. Housing and Neighborhood Conditions

One of the City's housing goals is to promote quality housing and neighborhoods in the City. With over half of the housing stock in excess of 30 years of age, continued maintenance and rehabilitation efforts are required to prevent widespread deterioration. Improving and preserving the quality and character of residential neighborhoods in the City requires a coordinated strategy for community input, design review, rehabilitation, and code enforcement efforts.

The City's policies seek to provide a balance between accommodating new development, and ensuring the compatibility of such development to preserve the character and integrity of existing neighborhoods. A variety of characteristics regulated through the City's development standards and Architectural Review Design Guidelines work in conjunction to define neighborhood character: lot sizes, lot development patterns and density, open space and lot coverage, building setbacks, building heights, and building architecture. The City regularly reviews and revises its development standards to promote greater compatibility of new development with existing uses.

6. Housing Production

As a highly developed urban community, Santa Monica has few vacant properties available for residential development. As a result, the City must continue to develop innovative mechanisms to accommodate the City's population growth and fair share of regional housing needs. Mechanisms such as modifications to development standards, density bonus incentives, mixed-use developments, sale of air rights, and creative use of public lands are options to be considered to support housing production. Additionally, implementing streamlined processing procedures, as proposed in this Element Update, can facilitate housing production.

7. Funding

Increasingly, the threats of federal and state budget cuts have left many local jurisdictions paralyzed in their housing production. In addition, reduced commercial development in Santa Monica in recent years has also reduced the City's potential income from the Office Development Mitigation Program. These funding and revenue reductions require that the

City be aggressive in pursuing creative financing mechanisms such as partnerships with private lenders to leverage public funds, and participation in the low income housing tax credit allocation process.

In response to the damage caused by the Northridge Earthquake, federal HUD monies were made available to the City of Santa Monica through the federal Emergency Supplemental Appropriations Act of 1994. With these funds, the City created the Multi-Family Earthquake Repair Loans (MERL) Program to assist in the rehabilitation, acquisition, and reconstruction of housing.

The Earthquake Recovery Redevelopment Project Area was adopted in June 1994 in response to the January 17, 1994 Northridge earthquake. Under State law, the City is required to set aside at least 20 percent of the tax increment revenues from redevelopment projects to assist in the production of housing affordable to low and moderate income households. The Earthquake Recovery Redevelopment Project Area is expected to generate \$2.2 million in set-aside funds during the 1998-2003 planning period.

With program income from the repayment of the MERL loans and redevelopment housing set-aside funds from the Earthquake Recovery Redevelopment Project, the City has potential to receive a significant pool of funds that can be used for housing construction, rehabilitation, and/or assistance. A coordinated strategy must be developed for the expenditure of these and other funds to maximize cost-effectiveness in addressing the City's complex housing needs.

The City's housing production objective for the 1998-2003 planning period, however, is 1,543 units. This represents approximately 13 percent of the City's regional fair share housing needs, falling far short of the 80% goal. While the City's emergency fund-able sites for new housing development indicate that there are sufficient sites available to accommodate the City's fair share obligation, there are a number of new projects for the City's housing production objective is being met. At this time, the City's housing production objective is being met.

The City's efforts are based on its commitment of available City resources, utilizing the regional City's regional and regional, and a number of other factors that will likely result in the production of housing units within the City. As discussed previously, the City's

B. QUANTIFIED OBJECTIVES

The City has developed quantified objectives for new housing production as well as housing rehabilitation and housing assistance. The following sets forth these objectives for the 1998-2003 planning period, given the expected availability of resources to address the City's identified housing needs and expectations regarding future development. (A review of the City's progress in achieving its stated objectives for the 1989-1998 housing element cycle is contained in *Section IV - Review of Past Housing Element Performance*.)¹

1. Housing Production

Utilizing the SCAG methodology, the City has estimated its fair share of regional needs as 3,219 dwelling units during the 1998-2003 planning period.² These housing growth needs are further broken down by income category as follows:

1998-2003 Household Growth Needs

<i>Income Category</i>	<i>Households</i>
Very Low Income (0 - 50% County median income)	899
Low Income (51 - 80% County median income)	470
Moderate Income (81 - 120% County median income)	567
Upper Income (over 120% County median income)	1,283
<i>Total Households</i>	<i>3,219</i>

The City's housing production objective for the 1998-2003 planning period, however, is 1,542 units. This represents approximately 48 percent of the City's regional fair share housing estimate, utilizing the SCAG methodology. While the City's inventory of available sites for new housing development indicates that there are sufficient sites available to accommodate the City's fair share obligation, there are a number of reasons why the City's housing production objective is lower than SCAG fair share estimate.

The City's objectives are based on an assessment of available City resources, existing and proposed City policies and programs, and consideration of conditions that will likely result in the production of housing units within the City. As discussed previously, the City's

¹ An evaluation of the City's past performance under its 1983 Housing Element can be found in Appendix G.

² This is the upper end of the range established in the "Return to SCAG Average Household Growth Forecast" prepared by HR&A for the City. The low end of the range (2,400 units) assumes that the State will recognize certain "credits" for past City efforts to hold down average rent burdens and to provide shelter beds for the homeless.

regional fair share housing allocation, based on SCAG methodology, does not differentiate between densely populated and built-out communities like Santa Monica which can accommodate limited growth and communities which are less built-out and can accommodate additional growth. This methodology penalizes cities which are already built-out by establishing unrealistic RHNA numbers for these communities.

The City of Santa Monica is also particularly concerned with the household growth factors and vacancy rate assumptions used in the model. Most notable, the projected household growth rate is significantly higher than the actual household growth rate observed in the City.

Also, SCAG's general vacancy rate assumption does not take into consideration that the City is an urbanized area with relatively lower rates of new construction. Consequently, a lower vacancy rate than the SCAG rate should be considered normal, and should not indicate a need for additional housing units.

Finally, the housing growth needs estimate using the fair share methodology does not take into consideration the economic constraints imposed on housing development by the current real estate market and relatively high land prices and other costs of development. These conditions are expected to continue to be a constraint to housing development throughout the planning period.

In contrast to the fair share methodology, the City has developed realistic housing production objectives based on available City resources, the policies and programs described in this Element Update, and consideration of market conditions which will affect the production of housing units by the private sector. Production objectives for the 1998-2003 planning period are based upon three categories of anticipated development: Potential Private Housing Development, Pipeline Subsidized Projects, and Potential Subsidized Projects. The number of units to be developed are broken down by income category in **Table V-1**.

TABLE V-1
1998-2003 HOUSING PRODUCTION OBJECTIVES
(BY DEVELOPMENT CATEGORY AND INCOME CATEGORY)

Development Category	Very Low Income <50% MFI	Low Income 51-80% MFI	Moderate Income 80-120% MFI	Above Moderate Income 120%+ MFI	Total Units
Potential Private Housing Development	0	126	158	808	1,092
Pipeline Subsidized Projects	260	0	0	0	260
Potential Subsidized Projects	78	112	0	0	190
Total Units	338	238	158	808	1,542

Potential Private Housing Development

Potential private housing development includes large-scale, site-specific projects that the City anticipates will proceed during the planning period, such as the Arboretum, the Santa Monica Studios, the Civic Center, and a handful of sites downtown. Anticipated site specific development will not displace any residential units, and thus represents net production. In addition, this category incorporates anticipated development on scattered sites. The estimate of scattered sites development is based on an historic net annual production figure.

Pipeline Subsidized Projects

The City expects to provide funding assistance to identified non-profit housing developers for the production of affordable units. The pipeline subsidized projects include those in various stages of underwriting, predevelopment, or development, and which are expected to be completed during the 1998-2003 planning period. These involve seven projects, totaling 260 units; all of these units will be deed-restricted for very low income households. Six of the seven projects are site specific. A total of 3 residential units will be removed from these sites, resulting in a net production of 244 units. A site for the seventh project has not yet been identified; it cannot be determined what the net increase will be as a result of the construction of those 13 units. Therefore the pipeline subsidized projects will contribute a net production of between 244 and 257 units.

Potential Subsidized Projects

Additional units are expected to be produced with assistance of existing and projected City revenues earmarked for affordable housing. Revenue sources include Redevelopment set-aside funds, Office Mitigation Fee Program funds, Inclusionary Housing Program in-lieu fee revenues, CDBG, HOME, Multi-Family Earthquake Repair Loan Program (MERL) repayment revenues, Development Agreement revenues, TORCA funds, and revenues from the sale of City-owned property and air rights over City-owned property. (See Appendix D for a table showing revenue projections by funding source).

The City estimated the number of potential subsidized units that it could assist by forecasting the anticipated funding resources that will be available, utilizing available and projected revenues. The number of projected units is based on a per unit City subsidy of \$50,000 for acquisition/rehabilitation and \$70,000 for new construction. This projection is a gross estimate since it is not possible to estimate the number of units that may be removed. Revenues accruing to the City after June 2001 were excluded, due to the lag time between the availability of funding and project completion. Where funds are not specifically restricted for either new construction or rehabilitation, calculations assume that available resources will be evenly split between the two.

2. Housing Rehabilitation

The primary sources of funding for housing rehabilitation activities over the planning period are: CDBG, HOME, TORCA, redevelopment set-aside, and repayment of MERL funds. Given the anticipated amount of funding under each of these programs, the City's quantified objectives for housing rehabilitation for the 1998-2003 period are as follows:

- Acquisition and rehabilitation of 266 units of multi-family rental housing (109 very low-income and 157 low-income units).
- Minor rehabilitation assistance through the Residential Repair and Minor Rehabilitation Program to approximately 70 low-income households.

3. Housing and Supportive Service Assistance

The following are the City's goals for housing assistance and supportive services during the 1998-2003 period, contingent upon the availability of adequate funds and City Council approval on an annual basis:

- Continue to provide 930 Section 8 rent certificates and vouchers (685 elderly/disabled, 164 small-family, 81 large-family) to very low income renter households. Implement Family Unification program for 70 families.
- Assist existing renters to become first-time homebuyers through the TORCA Homeownership Loan Program, with a goal of assisting 30 low income and 37 moderate income renters.
- Continue to provide funding to support an emergency homeless shelter; a transitional housing program for homeless adult women and men; a transitional housing program for homeless mentally-ill women.
- Continue to provide a wide range of supportive services to very low and low income households to ensure the continued maintenance of housing including (numbers are based on annual projections):
 - employment assistance to 500 homeless and low-income individuals;
 - childcare subsidy assistance to approximately 25 low-income families;
 - para-transit services to approximately 1,000 seniors and persons with disabilities;
 - in-home and independent living assistance to approximately 2,500 seniors and persons with disabilities;
 - case management assistance to approximately 1,200 homeless individuals;

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- public work assessment assistance to approximately 20 low-income households; and
 - legal service representation and assistance to approximately 800 very low and low income households.

C. GOALS, POLICIES AND PROGRAMS

The basic housing goal of the City of Santa Monica is to meet the existing and projected housing needs of all its residents and its regional responsibilities for decent, affordable housing opportunities for all income groups while maintaining an economically sound and healthy environment. Within that context, the City has established the goals, policies, and programs that address the following five major topics:

- Housing Production
- Housing Conservation and Improvement
- Housing Assistance
- Balance Housing with Other City Goals
- Citizen Participation

The following describes each of a full range of housing programs which will be undertaken by the City. Housing programs include programs both currently being implemented in the City, and new programs added to address existing and projected needs. A brief background on each program is provided, followed by the City's action plan for the 1998-2003 Housing Element planning period.

Table V-2, Housing Program Summary, located at the end of this section, summarizes the goals of each program for the planning period, and identifies the program funding source, responsible agency, and time frame for implementation. The programs outlined below and set forth in table V-2 are designed to comprehensively address the City's identified housing needs.

GOAL 1.0: PROMOTE THE CONSTRUCTION OF NEW HOUSING WITHIN THE CITY'S REGULATORY FRAMEWORK.

POLICY 1.1: Provide adequate sites for all types of housing.

POLICY 1.2: Encourage and provide incentives for the development of housing in non-residential zones.

POLICY 1.3: Establish and maintain development standards that support housing development while protecting quality of life goals.

POLICY 1.4: Maintain development standards that promote the development of special needs housing, such as affordable senior, disabled, or family housing, while protecting quality of life goals.

POLICY 1.5: Periodically review City taxes, fees, regulations to ensure that they do not constrain housing development.

POLICY 1.6: Maintain and enhance the City's expedited and coordinated permit processing system.

POLICY 1.7: Maintain development standards that ensure that the development of new housing in residential neighborhoods is designed to fit within the existing neighborhood context.

IMPLEMENTATION PROGRAMS: Although several of the following programs could readily fit under other goals, they are included in this section because they primarily address the goal of increasing housing production Citywide.

Program 1.a: Assess and Revise, Where Appropriate, City Regulatory Requirements

Program Background: Continued monitoring and refinement of the City's development standards and procedures are important to minimizing the cost of development while maintaining the quality of residential projects.

1998-2003 Action Plan: Periodically review and, where necessary and after consultation with local architects, revise planning, zoning and development regulations, assessments, and fees to ensure that they support development of a variety of housing types and prices. The following specific actions will be undertaken during the planning period:

- Eliminate Conditional Use Permit requirement for condominiums and evaluate other procedures which achieve an appropriate level of design review.
- Amend the Inclusionary Housing Program (refer to Program 2.a).
- Revise existing development standards as necessary to assure the building envelope adequately accommodates the construction of density bonus units and ensure that the standards which are developed maintain neighborhood character. Consider having neighborhood specific standards for different neighborhoods. As part of this effort:
 - Ensure that parking standards do not create a disincentive for affordable housing projects with large family units.
 - Consider the development of different parking standards to address differing neighborhood conditions.

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- Ensure that parking standards are reasonable for affordable housing projects.
 - Assess the feasibility of modifying off-site infrastructure improvement requirements to reduce housing development costs.
 - Continue to support the construction of live/work space and evaluate development standards and assess the use of development incentives to promote the construction of live/work space including artist studios.
 - Continue to promote and provide incentives to develop residential uses in non-residential zoning districts and evaluate additional modification of development standards to encourage the development of housing in commercial areas of the City.
 - Evaluate potential modifications to development standards which would encourage courtyard/garden style apartments.
 - Evaluate the modification of the existing project design and development standards in the C3C District and other commercial districts as appropriate, to provide that for the purposes of assessing whether a development review permit is required for new development, floor area devoted to residential uses shall be discounted by fifty percent.
 - Evaluate modifications to the Zoning Ordinance to allow for existing non-conforming multi-family residential development that are destroyed due to fire, earthquake or other natural disaster to be replaced in-kind in order to prevent the loss of dwelling units in the City. Consider the use of the Earthquake Recovery Act as a model for this program.

Responsible Division: City Planning Division; Environmental and Public Works Management Department; City Attorney's Office.

Program 1.b: Streamline Permit Approval Processes

Program Background: For residential development in Santa Monica, permits may be necessary from a variety of departments, such as a permit to remove rental units from the Rent Control Board, and Planning Commission approval of a subdivision map and site plan. There is a perception among the development industry that the City's permit approval process is difficult, and the amount of time required to navigate the process, particularly through public hearings, adds to the costs of housing development. This perception probably has some effect on the willingness of the private sector to produce multi-family housing in Santa Monica. (This perception and its effects are discussed in the section titled "Cumulative Effects of Five City Programs/ Requirements" in Section III.B of this Element Update.

To facilitate the development permit approval process, the City uses the parcel-specific "Permits" data base to track the status and progress of applications. A geographic information system (GIS) is also in use for long-range planning projects.

1998-2003 Action Plan:

- Develop a handbook of interdepartmental regulations and services to guide applicants through the development approval process.
- Improve "Permits," the City's computerized permit-tracking system, by linking the database to the Geographic Information System, enhancing the display and organization of information, and making the system accessible to the public.
- Expand the types of information available on "Permits" and improve reporting procedures to facilitate project tracking and provide up to date information.

Responsible Division: City Planning Division; Building and Safety Division; Information Systems Division.

Program 1.c: Maintain Architectural Review Guidelines and Development Compatibility

Program Background: As a means of providing greater certainty for project applicants, the City has adopted and implements architectural review guidelines for projects that require Architectural Review Board (ARB) approval. The City also regularly reviews and revises its development standards to ensure compatibility between its development standards and the architectural review guidelines.

1998-2003 Action Plan:

- Continue to implement City architectural review guidelines and review development standards, and revise as appropriate, to provide project applicants with clear design direction and ensure design compatibility.

Responsible Division: City Planning Division.

Program 1.d: Consider Rezoning Non-residential Areas for Residential Use

Program Background: The City has achieved substantial success in producing additional housing by allowing the construction of housing in areas previously zoned exclusively for non-residential uses. There may be additional opportunities for further efforts to facilitate greater housing production.

1998-2003 Action Plan: The City will assess further opportunities for developing housing in areas currently zoned for non-residential use.

GOAL 2.0: INCREASE THE SUPPLY OF HOUSING AFFORDABLE TO VERY LOW, LOW, AND MODERATE INCOME PERSONS

- POLICY 2.1:** Encourage innovative municipal and private sector programs to promote the financing and development of housing for very low, low, and moderate income persons.
- POLICY 2.2:** Encourage the development and participation of nonprofit housing corporations in the production and maintenance of housing affordable to very low, low, and moderate income households.
- POLICY 2.3:** Cooperate with housing providers to promote the development and operation of rental housing for very low and low income households, and ownership housing for low and moderate income households.
- POLICY 2.4:** Support the enactment of federal, state, and local legislation to provide funding and incentives for the preservation and development of housing affordable to very low, low, and moderate income households.
- POLICY 2.5:** Ensure the continued availability and affordability of income-restricted housing for very low, low, and moderate income households.
- POLICY 2.6:** Support housing providers to promote the development of rental housing for very low, low, and moderate income households that utilize tax exempt bond financing.
- POLICY 2.7:** Encourage the distribution of housing for low and moderate income households throughout the City.
- POLICY 2.8:** Continue to provide development incentives and reduced planning fees for development of affordable housing.
- POLICY 2.9:** Work with local non-profit community organizations to maintain local capacity to develop affordable housing on an on-going basis.
- POLICY 2.10:** Allow use of City-generated affordable housing funds for landbanking of sites which are clearly suitable for affordable housing projects.

IMPLEMENTATION PROGRAMS: Several of the following programs could also be included under other goals, but are listed here because each is primarily focused on increasing the supply of housing affordable to very low, low, and moderate income persons.

Program 2.a: Maintain an Inclusionary Housing Program

Program Background: Adopted in 1990, Proposition R requires that 30 percent of all multi-family residential housing newly constructed in the City be permanently affordable to and occupied by low (60 percent of County median income) and moderate (100 percent of County median income) income households. Of the affordable units, at least half must be affordable to low income households.

In 1992, the City adopted the Inclusionary Housing Program (Ordinance 1615) to implement Proposition R. The implementation ordinance requires projects of 20 or more units to provide the inclusionary units on-site. However, under certain circumstances, projects of six or fewer units may pay an inclusionary fee in lieu of providing any units on-site, while projects of between 7 and 19 units may pay the inclusionary fee instead of providing the required low income units on-site, but the required moderate income units must be provided on-site.

As part of this Element Update, an in-depth analysis of the effects of the City's Inclusionary Housing Program on housing production was conducted, summarized in Section III.B of the Element Update. The following 1998-2003 Action Plan considers various revisions to the Implementing Ordinance based on the results of this analysis.

1998-2003 Action Plan:

- Study modifications to the City's Inclusionary Housing Program (Ordinance 1615) which would help support new housing production in a way that balances this production with maintenance and conservation of existing housing stock, while complying with Proposition R. Changes to be considered, but not be limited to, include the following:
 - Expansion of the in-lieu fee option in conjunction with increasing the City's authority under Article 34 and consistent with Costa-Hawkins. (see Program 2.k);
 - Zoning incentives in exchange for the construction of 30% affordable units on-site;
 - The ability to satisfy the inclusionary obligation by meeting the requirements of State density bonus law;
 - The ability to satisfy the inclusionary obligation by complying with the requirements of tax exempt bond financing;
 - Periodic recalculation (every two years) of the in-lieu fee in order to promote project feasibility, generate in-lieu fee revenues, and sustain Citywide compliance with proposition R;

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- A revised higher threshold for when all affordable units must be provided on site (revision to the current threshold of 20 units); and
 - Eliminating the option for satisfying the inclusionary obligation by providing all moderate income units at 100% of the county median family income (MFI) or replacing it with an option to satisfy the inclusionary obligation by providing 100% of units deed-restricted for households earning less than 80% of the county MFI.
 - Consider modifying the in-lieu fee structure to encourage housing development in targeted areas of the City.

Proposed amendments will be reviewed by the City Council and the City's Inclusionary Housing Program will be amended based on this review.

Responsible Division: Housing Division; City Planning Division; City Housing Authority.

Program 2.b: Maintain a Density Bonus Program

Program Background: Under State law, developers of residential projects containing five or more units may be eligible to receive a 25% density bonus if:

- (1) 20 percent or more of the units (not including density bonus units) are set aside for, and affordable to, households with lower incomes ($\leq 80\%$ of area median); "affordable" for this group means rents set at 30% of 60% of the area median income; or,
- (2) 10 percent or more of the units are set aside for households with very low incomes ($\leq 50\%$ of median); "affordable" for this group means rents are set at 30% of 50% of the area median; or
- (3) 50% of the units (not including density bonus units) are set aside for senior citizens. There are no income or rent restrictions on such projects. "Senior citizens" must be at least 62 years old. If the project consists of 150 or more units, the "senior" is defined as at least 55 years of age.

Projects qualifying for a State density bonus also are eligible for at least one additional regulatory concession or incentive resulting in identifiable cost reduction, or other incentive of equivalent financial value based upon the land cost per dwelling unit. In addition to these State density bonus provisions, the City has adopted additional density bonus incentives in its Zoning Ordinance, including:

- Allowances for an additional 20 percent density bonus for 100 percent affordable housing projects;

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- No limit on the number of floors for 100 percent affordable housing projects, provided that the height does not exceed the maximum limit in the applicable zoning district;
 - Allowances for a ten-foot height bonus for 100 percent affordable housing projects in non-residential zones;
 - Allowances for FAR bonus as an incentive for residential development in commercial zones;
 - Relaxation of density restrictions for congregate housing, SRO's, homeless shelters, and transitional housing;
 - Relaxation of parking requirements for 100 percent affordable, congregate, and senior housing as well as SRO's and homeless shelters; and
 - Allowances for density bonus of up to 50, 75, and 100 percent in the Ocean Park and North of Wilshire zoning districts.

1998-2003 Action Plan:

- Revise existing development standards as necessary to assure the building envelope adequately accommodates the construction of density bonus units and ensure that the standards which are developed maintain neighborhood character. Consider having neighborhood specific standards for different neighborhoods.

Responsible Division: City Planning Division.

Program 2.c: Provide Assistance to Non-Profits for Housing Development

Program Background: The City provides technical and financial support to a variety of non-profit housing providers to support affordable housing development. These housing providers have included the following:

- Ocean Park Community Center (OPCC)
- Community Corporation of Santa Monica (CCSM)
- Retirement Housing Foundation
- Menorah Housing Foundation of the Jewish Federation Council (JFC) of Greater Los Angeles
- Volunteers of America (VOA)
- Project New Hope
- Upward Bound
- New Directions
- Step Up on Second

Section IV - Review of Housing Element Past Performance contains a description of these organizations and City assistance previously provided.

1998-2003 Action Plan:

- Continue to provide financial and technical assistance to non-profit housing providers to support the development of affordable housing.
- Continue to provide technical and financial assistance to non-profits in the completion of HUD Section 202, Section 811, and other funding applications to increase the competitiveness of local housing projects.
- Work with local non-profit agencies to assure local capacity on an on-going basis.

Responsible Division: Housing Division; Human Services Division.

Program 2.d: Provide Funding to Assist in Housing Production

Program Background: The City utilizes federal, state, and local funding programs to assist housing providers with the development of affordable housing. Funding programs used by the City include:

Federal Programs:

- HUD Section 811 Program
- HUD Section 202 Senior Housing Program
- Housing Opportunities for People with AIDS (HOPWA)
- Supportive Housing
- Federal Emergency Shelter Grants (FESG)
- Shelter Plus Care
- HOME Program
- Community Development Block Grant
- Section 8 Rental Assistance and Housing Vouchers

State Programs:

- Low Income Housing Tax Credit (LIHTC)
- California Housing Finance Agency (CHFA)

Local Programs:

- Tenant Ownership Rights Charter Amendment Tax Revenues
- Redevelopment Projects
- Inclusionary Housing Program Fees/Housing Production
- Office Development Mitigation Program
- Multi-Family Earthquake Repair Loan Program (MERL)
- General Fund

A detailed description of each of these programs, including eligible activities and funding availability, is included in Appendix D of this Element Update. *Section IV - Review of Housing Element Past Performance* also includes a discussion of how these funding sources have been used to assist Santa Monica residents in the past.

1998-2003 Action Plan:

- Continue to apply for funding for affordable housing production from federal and state programs.
- Continue to seek out new sources of Federal, State, and County funding.
- To the extent feasible utilize Redevelopment Funds. (See Program 3a.)

Responsible Division: Housing Division; Human Services Division.

Program 2.e: Assess Alternative Affordable Housing Finance Programs

Program Background: This program addresses the decrease in Federal and State funding and need for additional funds to stem the loss of affordable housing due to vacancy de-control. Under this program, the City will assess a variety of alternative funding mechanisms for the construction of new affordable housing. Potential funding mechanisms include:

- Tax Exempt Bonds and State Low Income Housing Tax Credits, whereby loans are made to property owners in exchange for deed-restricting 20 percent of the units to households earning no more than 50 percent of the median County income or 40 percent of the units are deed-restricted for households earning no more than 60 percent of the median County income;
- HUD Section 108 Program, whereby loans are made using future Community Development Block Grant funds as collateral;
- Mortgage Credit Certificates, whereby first-time homebuyers earning up to 120 percent of the median County income may take an annual credit against federal income taxes of up to 20 percent of the annual interest paid on their mortgage.

Once appropriate funding sources have been identified, the City will take the steps necessary to utilize these funds, including, if appropriate, obtaining bond authority.

1998-2003 Action Plan:

- Assess creative financing mechanisms such as tax-exempt bond-financing to increase available City financing for housing programs.
- Consider utilizing HUD's Section 108 loan program.

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- Assess a Mortgage Credit Certificate program to provide assistance to first-time homebuyers (described in detail under Program 5.c).
 - Continue to develop a working relationship with private lenders to leverage City funds.
 - Continue to participate in recommending changes to the State Tax Credit Committee's Qualified Allocation Plan.
 - Encourage developers to take advantage of affordable housing bond financing and facilitate coordination among developers when appropriate.

Responsible Division: Housing Division.

Program 2.f: Assess the Use of City-Owned/Publicly-Owned Land for Affordable Housing

Program Background: As a highly built out City, Santa Monica has few remaining vacant properties suitable for residential development. This shortage of vacant land necessitates the use of alternative mechanisms for providing sites for housing. Such mechanisms include long-term leases of City-owned or publicly-owned land, and sale of air rights.

To facilitate affordable housing development, the City could lease appropriate City-owned properties on a long-term basis to housing developers in exchange for a long-term commitment to maintain the units (or a portion of the units) as affordable housing.

Another mechanism is the sale of air rights above City-owned parking lots. Many of the City-owned parking lots are surface lots or structures developed at lower densities than permitted by zoning. The City could sell or lease the unused densities above these parking lots/structures to housing developers for affordable housing development.

1998-2003 Action Plan:

- Prepare an inventory of publicly-owned land, including parking lots, and examine the feasibility of their use for affordable housing development.
- Assess the use of City-owned, publicly-owned and privately-owned land for affordable housing.
- Consider purchasing land for future development of affordable housing.
- Enact a land banking program, if feasible, for the City and non-profit developers of affordable housing to purchase land and existing properties for future development of affordable housing.

Responsible Division: Resource Management Department; City Planning Division.

Program 2.g: Foster Housing Development through the Use of Development Agreements

Program Background: A Development Agreement (DA) is an agreement between a developer and a local government that outlines the regulations and policies governing the development of a specific piece of property. In Santa Monica, DAs have been prepared for a number of discretionary, multi-phase projects. Within these DAs, special affordable housing obligations are often incorporated.

1998-2003 Action Plan:

- Continue to negotiate into Development Agreements the inclusion of on-site affordable housing or payment of housing in-lieu fees, above and beyond existing City requirements.

Responsible Division: City Planning Division; City Attorney's Office.

Program 2.h: Facilitate the Development of Housing for Families with Children

Program Background: In Santa Monica, very few of the new housing units being built in the private housing market are suited to the needs of families with children. According to the 1990 Census data for the City, 92 percent of large family, renter households earning up to 95 percent of the County median income experienced one or more housing problems, including housing overpayment, overcrowding, and/or substandard housing. As indicated in Section II.A.2, both the U.S. Census and local school district data reveal significant increases in the City's very young children. There is a need to develop a strategy to support the maintenance, improvement, and development of housing for families with children, including large families. In addition, supportive services, such as child care assistance to low income families, are needed to ensure the continued maintenance of housing (see Goal 5.0).

1998-2003 Action Plan:

- Dedicate a portion of the City's affordable housing financial resources to the production of units for families with children.
- Assess the possibility of permitting the reconfiguration of existing buildings to increase the number of bedrooms and the size of units for deed restricted affordable projects for families with children. Though this program would reduce the number of overall units in the City, it would provide much-needed large family units.

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- Assess the possibility of revising the zoning code to allow for the construction of alternative types of housing (e.g. co-housing), including the construction of such housing on City-owned properties.
 - Consider alternative development standards (e.g. height, lot coverage, density, setbacks, parking requirements, etc.) that facilitate the development of housing for families with children including the provision of outdoor play areas for children.

Responsible Division: Housing Division (lead); City Planning Division.

Program 2.i: Facilitate the Development and Maintenance of Special Needs Housing

Program Background: Housing for seniors, and the physically and mentally disabled will need to address their special needs, such as barrier-free environment and accessibility to transit and services. The City intends to expand its strategy to support the maintenance, improvement, and development of housing for households with special needs.

According to the Los Angeles County Department of Health Services, there are currently 1,000 residents in Santa Monica who are HIV positive. According to the Santa Monica AIDS Project, at present there are approximately 300 AIDS/HIV patients in the City who are receiving medical treatment. As the disease progresses, these people will require various types of assistance with legal, medical, insurance, employment and housing issues.

Since 1989, the City has assisted in the development of a variety of special needs housing, including several senior housing projects, a housing project serving the mentally ill, and a project serving those persons living with HIV/AIDS.

The City also funds a wide array of in-home and independent living assistance targeting seniors and persons with disabilities to reduce institutionalization and maintain self-sufficiency in housing (see Goal 5.0).

1998-2003 Action Plan:

- Identify existing resources and develop new resources to fund the development of supportive housing and associated services.
- Strengthen partnerships with service providers to support the efficient provision of services to special needs housing development with current City resources.
- Assess the development of a high subsidy program for the development of permanently affordable housing for very, very low income households earning minimum wage, which would include both SRO and family units.

Responsible Division: Human Services Division (lead); Housing Division.

Program 2.j: Facilitate the Provision of Emergency, Transitional, and Permanent Housing for the Homeless

Program Background: Santa Monica has a significant homeless population, ranging from 700 to 3,600 homeless individuals as estimated by various studies. Efforts to provide shelters and services for the homeless have been led by local non-profit organizations funded to a large degree by the City. For example, the City assisted in the development of the 100-bed SAMOSHEL emergency shelter for the homeless and provides annual grants to the Salvation Army to operate this shelter. The City supports and develops a mix of emergency, transitional, and permanent housing opportunities for homeless individuals, thereby creating an effective continuum of care approach to address homelessness in Santa Monica (see Goal 5.0).

1998-2003 Action Plan:

- Seek and leverage outside funds for emergency and transitional housing development.
- Work in partnership with local non-profits for housing and supportive services.
- Consider giving a priority to persons in temporary or transitional housing for occupancy in permanent affordable housing in the City.

Responsible Division: Human Services Division (lead); Housing Division.

Program 2.k: Expand Article 34 Authority

Program Background: Article 34 of the state constitution requires that any low rent housing project developed, constructed, or acquired by a public agency must first be approved by a majority of the voters living in that jurisdiction. Requiring such public approval can act as a barrier to the development of affordable housing. In compliance with this article, the City of Santa Monica put a referendum (Proposition N) before the voters in 1978 in order to win approval to "develop, finance, or rehabilitate, but not own or operate within the City, housing for rental to low and moderate income persons, no less than 50 percent of which shall be reserved for persons age 60 or older, not to exceed in total throughout the City, 1 percent of the dwelling units in the City."

1998-2003 Action Plan:

- Seek expanded Article 34 Authority to utilize a variety of revenues to develop, construct, or acquire low and moderate income rental housing projects.

Responsible Division: City Planning Division; Housing Division.

GOAL 3.0: PROTECT THE EXISTING SUPPLY OF AFFORDABLE HOUSING

POLICY 3.1: Ameliorate the effects of the Costa-Hawkins vacancy de-control regulation on the affordable housing stock.

POLICY 3.2: Encourage the preservation of affordable rental housing.

POLICY 3.3: Continue to protect rental housing by limiting the conversion of rental units to ownership units.

POLICY 3.4: Encourage the replacement of multi-family housing that is demolished.

POLICY 3.5: Modify the Section 8 program to maximize its effectiveness in the market rent environment created by the Costa-Hawkins vacancy decontrol legislation.

IMPLEMENTATION PROGRAMS: Several of the following programs could readily fit under several goals, but are included in this section because each is primarily focused on the goal of protecting the existing supply of affordable housing.

Program 3.a: Develop Programs to Ameliorate the Effects of Costa-Hawkins

Program Background: Citizens of Santa Monica adopted the rent control law in 1979. The charter amendment established an elected Rent Control Board to regulate rental units in the City and ensure that rents will not be increased unreasonably. Adoption of the Costa-Hawkins Rental Housing Act in the Fall of 1995 by the State Legislature, however, initiated vacancy de-control in the City. Beginning in January 1999, after a three-year phase-in period, the new law will require vacancy de-control/recontrol in apartments, and complete de-control of houses and condominiums.

Santa Monica has approximately 30,000 rent-controlled units. In September 1995, the Santa Monica Rent Control Board adopted rules permitting early implementation (October 1995) of the Costa-Hawkins Rental Housing Act. Within the first eight months, over 3,000 units have already applied for vacancy de-control. The effect of this new law on housing affordability has been studied extensively as part of this Element Update. By 2003, between one-half and three-quarters of the 1995 rent-controlled stock in Santa Monica is projected to be vacancy de-controlled. With the Costa-Hawkins Act, median controlled rent is projected to increase by 11 percent by 1999, and by 28 percent by 2003.

Costa-Hawkins will make it more difficult for the Housing Authority to find landlords (and to keep landlords) willing to participate in the Section 8 program. Before Costa-Hawkins, in most cases, Section 8 offered landlords a higher rent than they could receive under rent control, and that rent advantage was enough of an incentive to attract landlord participation. After Costa-Hawkins, Section 8 will have to offer competitive market rents and other incentives to attract landlord participation.

Funding sources may include redevelopment set-aside funds, Multi-Family Earthquake Repair Loan (MERL) program funds, TORCA funds, and Pico Neighborhood Trust Fund.

1998-2003 Action Plan:

- Develop programs to protect tenants against landlord cancellation of existing Section 8 contracts (including City and/or private foundation-funded subsidy) to enable tenants to remain and pay the MAR;
- The Housing Authority should take all necessary steps to increase Fair Market Rent (FMR's) so that Section 8 can offer market rents;
- If necessary, develop a package of incentives to encourage landlords to rent to Section 8 subsidized tenants and to continue their participation in the Section 8 program, possibly including:
 - Subsidized loans and/or grants for rehabilitation
 - Reinstated guarantees against rent loss and damage
 - Improved tenant screening and tenant support services
- Develop a comprehensive strategy to address the effects of the Costa-Hawkins Rental Housing Act on housing affordability. Investigate the feasibility of the following mix of programs:
 - a City-wide acquisition and/or rehabilitation program that provides funding in exchange for the dedication of deed-restricted units;
 - expansion of the City's multi-family acquisition and rehabilitation program;
 - a loan program that provides below-market rates to finance new construction in exchange for the dedication of deed-restricted units;
 - a program to permit the conversion of rental units to ownership units in exchange for permanently deed-restricted rental units;
 - a rental assistance program that funds the difference between the Fair Market Rent and the market rent for Section 8 tenants;
 - a rental program that assists Section 8 tenants whose landlords have opted out of the Section 8 program to pay the Maximum Allowable Rent if the tenant decides to remain in the unit;
 - a program that provides security deposit assistance for initial lease up and contract opt out relocations for needy Section 8 recipients.

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- to the extent feasible utilize additional non-housing Redevelopment Funds to supplement the annual 20% set-aside requirement for eligible housing acquisition, rehabilitation and new construction purposes.
 - In addition, create a package of programs to provide incentives for landlords to provide affordable housing in exchange for deed-restricted affordable rental units.
 - In conjunction with the Rent Control Board, assess the feasibility of modifications to the Rent Control Law to encourage additional development of multiple family apartments.

Responsible Division: Housing Division (lead); Rent Control Agency.

Program 3.b: Protection of Mobile Home Park Tenants

Program Background: The City has two older mobile home parks that were originally established as an interim use requiring a conditional use permit. In order to protect these two parks, the City created a mobile home park zone (MHP) and zoned the parks MHP. Tenants at one of these parks are presently seeking to convert the park to tenant ownership.

1996-2000 Action Plan:

- Continue to protect tenants at existing mobile home parks.
- Assist with mobile home park rehabilitation or conversion to ownership housing if appropriate and/or feasible.

Responsible Division: Housing Division; City Planning Division.

Program 3.c: Maintain a Tenant Eviction Protection Program

Program Background: The Rent Control Law Charter Amendment limits the grounds on which a tenant may be evicted to "just cause." The grounds for eviction include: (1) occupancy by the owner or his/her immediate family; (2) demolition or conversion of the property after obtaining a removal permit from the Board; (3) failure to pay rent; and (4) refusal by the tenant to provide reasonable access for necessary repairs and improvements. Tenants can also be evicted when the owner seeks to withdraw the entire property from the rental housing market pursuant to the Ellis Act. Certain of these evictions entitle the tenant to receive relocation assistance from the tenant's landlord. Additionally, lower income, Ellis Act displacees are given priority for Section 8 and housing voucher programs.

The City has also long maintained housing anti-discrimination protections, which among other prohibitions, prevents a tenant from being evicted if the tenant has married or had children, thereby increasing the number of occupants in the tenant's unit.

Ordinance No. 1822 adopted by the City Council in 1995 also prohibits evictions because a tenant has established a domestic partnership.

Ordinance No. 1859, adopted by the City Council in 1996, prohibits specified forms of conduct by a landlord if done maliciously. These include: (a) reducing housing services; (b) reducing maintenance; (c) failing to perform repairs and exercise due diligence in completing repairs; and (d) seeking to terminate a tenancy in bad faith.

1998-2003 Action Plan:

- Continue to prevent unlawful evictions through enforcement of "just cause" eviction protections.
- Continue to provide priority for Section 8 or housing voucher assistance to lower income, Ellis Act displacees.
- Continue to fund legal aid organization(s) which provide tenant education and representation regarding landlord/tenant disputes.
- Review current laws and recommend any needed modifications to ensure protection of tenants to the maximum extent legally feasible.

Responsible Division: City Attorney's Office; Rent Control Agency; Housing Division; Human Services Division.

Program 3.d: Facilitate the Preservation of At-Risk Housing

Program Background: The City has assisted in the development of a variety of affordable housing projects. Some of these projects are at-risk of converting to market rate due to expiration of use restrictions. *Section II - Housing Needs and Resources* of this Element Update evaluates the at-risk potential of these projects. These at-risk projects are identified in Table II-21 in this Element Update.

1998-2003 Action Plan: The City will consider the following actions as efforts to preserve the at-risk housing stock:

- ***Monitor Units at Risk:*** Regularly monitor the status of at-risk projects. The City will inform the tenants of the status of at-risk projects in advance of the potential conversion date.
- ***Tenant Education:*** The City will work with tenants living in units at-risk of converting to provide information regarding potential tenant purchase of units.

The City will act as a liaison between tenants and non-profits potentially involved in constructing or acquiring replacement housing.

Responsible Division: Housing Division.

GOAL 4.0: PROMOTE THE REHABILITATION AND CONTINUED MAINTENANCE OF EXISTING HOUSING

POLICY 4.1: Encourage and promote the use of private and public funding to provide rehabilitation, home improvement, and maintenance loans and grants with particular attention to multi-family rental housing.

POLICY 4.2: Ensure that rehabilitation of existing units does not result in permanent displacement of existing residents.

POLICY 4.3: Ensure that rehabilitation of existing housing addresses the health and safety needs of the residents while respecting the character of the structure.

POLICY 4.4: Ensure that property owners are made aware of City programs to promote capital improvements to rental housing.

IMPLEMENTATION PROGRAMS: The following programs are designed primarily to promote the rehabilitation and continued maintenance of existing housing units, but they will also affect the continued livability of the neighborhoods in the City.

Program 4.a: Assess Establishing a Multi-Family Neighborhood Improvement Program

Program Background: Certain multi-family residential buildings in the City can be considered substandard due to: 1) high crime; 2) deferred maintenance; 3) evidence of overcrowding. Aggressive code enforcement and rehabilitation efforts are necessary to improve the quality of these buildings and preserve them as affordable housing.

1998-2003 Action Plan:

- Evaluate establishing a multi-family neighborhood improvement program to upgrade substandard housing. The program may include:
 - developing an inventory of substandard buildings;
 - performing code inspection by City inspectors;
 - issuing citations to property owners for Health and Safety code violations;

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- providing assistance in identifying potential financial sources/ mechanisms for rehabilitation for property owners willing to deed-restrict units for affordable housing; and
 - providing rehabilitation assistance in exchange for contractually restricting units for low income households.

Responsible Division: Housing Division; Rent Control Agency; Building and Safety Division.

Program 4.b: Maintain a Low Income Residential Repair Program

Program Background: Since 1985, the City has utilized approximately \$300,000 per year in federal Community Development Block Grant (CDBG) Program funds to subsidize minor rehabilitation work for low-income homeowners and tenants, predominantly in the Pico Neighborhood. During 1996, the City commissioned an evaluation of this program to assess whether it was meeting the changing needs of the community. Based upon this evaluation, the City will be modifying the program to prioritize specific identified needs.

1998-2003 Action Plan:

- Implement a modified residential repair program for low income households which establishes priorities for needs identified in the program evaluation.
- Assess and evaluate retrofits related to energy efficiency for low and very low income housing units to reduce living costs.

Responsible Division: Housing Division; Rent Control Agency; Santa Monica Housing Authority.

Program 4.c: Maintain a Housing Code Enforcement Program

Program Background: The Building and Safety Division responds to complaints of violations of City building codes and provides inspections and notices to property owners to bring their units into compliance.

1998-2003 Action Plan:

- Continue to implement the City's housing code enforcement program. The Building and Safety Division will continue to coordinate with the Housing Division to provide information on available rehabilitation assistance to correct code deficiencies.

Responsible Division: Building and Safety Division; Rent Control Agency.

Program 4.d: Maintain an Earthquake Retrofitting Program

Program Background: In response to the building damage incurred from the 1994 Northridge earthquake, the City adopted a comprehensive set of seismic upgrade regulations. Ordinance #1748, adopted in 1994, requires retrofitting of a variety of potentially hazardous structures within 1-4 years, depending on the building's occupant load.

In addition, the Rent Control Board passed regulation 4113B, Mitigation of Potentially Hazardous Structures. This entitles owners to a rent increase for one-half (1/2) of the amortized portion of qualifying expenditures for soft-story and seismic retrofitting.

1998-2003 Action Plan:

- Continue to require earthquake retrofitting in compliance with seismic upgrade regulations.

Responsible Division: Building and Safety Division; Resource Management Division.

Program 4.e: Assess Establishing a Lead-Based Paint and Asbestos Hazards Reduction Program

Program Background: Over 90 percent of the housing units in Santa Monica were built before 1978, when the use of lead-based paint was still permitted. Health hazards are greatest among those units with potential lead-based paint that are occupied by low and moderate income households with children age six and under. Effective October 28, 1995, all residential buildings constructed before 1978 became subject to new disclosure and record-keeping rules under the Federal Residential Lead-Based Paint Hazard Reduction Act. The new rules require all leases and purchase agreements for pre-1978 residential buildings to contain a new, statutorily prescribed disclosure form. A special pamphlet explaining the hazards of lead paint published by the Environmental Protection Agency (EPA) and HUD must be delivered to the tenant or purchaser in every such transaction.

Similarly, new federal regulations, effective October 1, 1995, presumes that all residential buildings built before 1981 contain asbestos until proven otherwise. Building owners or managers must notify all occupants of the presence or presumed presence of asbestos.

1998-2003 Action Plan:

- Assess the feasibility of establishing an educational program and potential other assistance to address the abatement and removal of lead-based paint citywide.

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- Educate construction industry and train enforcement personnel to ensure safe construction sites.

Responsible Division: Housing Division (lead); Building and Safety Division; Environmental and Public Works Management; Rent Control Agency.

GOAL 5.0: PROVIDE HOUSING ASSISTANCE AND SUPPORTIVE SERVICES TO VERY LOW, LOW, AND MODERATE INCOME HOUSEHOLDS AND HOUSEHOLDS WITH SPECIAL NEEDS

POLICY 5.1: Support rental assistance programs for very low and low income households; support mortgage assistance programs for low and moderate income households.

POLICY 5.2: Provide information and assistance to very low and low income households and households with special needs to help them locate appropriate housing.

POLICY 5.3: Encourage a regional fair share approach to providing housing opportunities and assistance to homeless, very low and low income household and households with special needs.

POLICY 5.4: Offer housing assistance to homeless individuals with a continuum of care model to address all issues related to homelessness (i.e. emergency, transitional and permanent housing linked with case management, employment, health and mental health, substance abuse, etc.).

POLICY 5.5: Target funds to ensure a broad array of supportive services to very low and low income persons to ensure their continued maintenance of housing once obtained.

IMPLEMENTATION PROGRAMS: The following programs are primarily geared to assisting low and moderate income households to continue to live in the City of Santa Monica, although they will also serve to accomplish others of the City's housing goals.

Program 5.a: Maintain a Section 8 Rental Assistance and Housing Voucher Program

Program Background: The Santa Monica Housing Authority (SMHA) administers two rental subsidy programs: the Section 8 Existing Housing Certificate Program and the Section 8 Housing Voucher Program. Within these Section 8 Programs, the SMHA receives funds for specific groups:

- *Shelter Plus Care* provides rental assistance for permanent housing and case management to homeless individuals with disabilities and to their families. This assistance is aimed at the traditionally hard-to-house homeless who are substance abusers, living with AIDS, or have severe mental disabilities.

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- *Family Unification* provides housing to families which the Public Child Welfare Agency has determined that the lack of adequate housing is a primary factor in either: 1) the imminent placement of the household's child/children in out-of-home care; or 2) in the delay of discharging to the family a child/children from out-of-home care.
 - *Family Self-Sufficiency* coordinates the use of housing assistance with other funds to enable households to achieve economic independence and self-sufficiency.

Rental property owners have an incentive to cooperate with the SMHA to maintain and upgrade units occupied by Section 8 tenants as stipulated by HUD. SMHA has consistently maintained a 95 percent or greater lease-up rate, and typically has a Section 8 waiting list of over two years for most household types.

1998-2003 Action Plan:

- Continue to operate the Section 8 programs and pursue additional funds to raise the number of households who receive assistance.

Responsible Division: Santa Monica Housing Authority.

Program 5.b: Maintain a Community Development Grant Program

Program Background: The City of Santa Monica provides funding support of approximately \$6 million annually to approximately 30 non-profit human service and housing development organizations supporting over 55 different programs through the Community Development Grant Program. These programs serve, in part, to assist homeless, very low, and low income households, and special need populations into housing and to ensure that housing is maintained once it is secured. Funding is provided annually, contingent upon the continuation of adequate funds and City Council approval. Funds are provided through a broad array of funding sources including but not limited to the City's General Fund, HOME, Community Development Block Grant Fund, and Proposition A Local Return Transit Funds.

1998-2003 Action Plan:

- Continue to implement a coordinated case management program linking homeless individuals with housing, employment, and other support services to break the cycle of homelessness.
- Continue funding support to an emergency homeless shelter; a transitional housing program targeting homeless men and women; and a transitional housing program targeting homeless mentally-ill women.

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- Continue funding support for employment assistance programs to train and place homeless, very-low, and low-income individuals in temporary and permanent employment.
 - Continue funding support for childcare information, assistance, and subsidies to ensure the provision of quality childcare to low-income and working families.
 - Continue funding support for a broad array of in-home and independent living assistance programs including but not limited to money management, para-transit, day care, and case management targeting seniors and persons with disabilities.
 - Continue funding support for a home access program to assist persons with disabilities who wish to remain in their current homes but require accessibility modifications (i.e. grab bars, wheelchair ramps, accessible hardware, etc.).
 - Continue funding a Public Works Assessment Assistance (PWAA) program subsidizing very-low and low-income households to complete required streetlight and sidewalk repairs to their property.
 - Continue funding support for legal service representation and assistance to address tenant-landlord matters, domestic violence, and other consumer issues.

Responsible Division: Human Services Division.

Program 5.c: Maintain a Homebuyers Assistance Program

Program Background: In order to assist the low and moderate income tenants to purchase their units, the City established a Shared Appreciation Loan Program per authority granted by Proposition K, using TORCA funds. Low and moderate income households who qualify can obtain City funding to purchase their rental units as these units are converted to condominiums. Loan amounts depend on household income as well as the size and price of the unit. Upon sale or transfer, the owner repays the loan and will share any increase in the value of the property with the City. As of June 1996, the City had collected approximately \$3.8 million for the TORCA Shared Appreciation Loan Program.

The Los Angeles County Community Development Division (CDC) administers a Mortgage Credit Certificate (MCC) program to assist low and moderate income (up to 115 percent of median income) first-time buyers to obtain homeownership. An MCC is a certificate awarding the holder a federal income tax credit. A qualified applicant may take a credit against federal income taxes of up to 20 percent of the annual interest paid on the mortgage. The City may be able to participate with the County in this program.

1998-2003 Action Plan:

- Continue to operate the TORCA Shared Appreciation Loan Program.
- Assess the feasibility of using Mortgage Credit Certificates (MCC) for first-time homebuyers assistance.
- Assess the feasibility of a silent second program for first time low income home buyers, in conjunction with MCC's.

Responsible Division: Housing Division.

Program 5.d: Provide Tenant Relocation Assistance

Program Background: When a unit is withdrawn from the housing stock, or the landlord recovers possession of a unit and tenant relocation assistance is appropriate, the Santa Monica Municipal Code (Chapter 4.36) requires that the landlord pay a relocation fee for each unit based upon the size of the unit. An additional fee is required if one or more of the tenants is a senior (62 or over), disabled, or a minor. In lieu of providing financial relocation assistance, the landlord may instead provide actual physical relocation if the new unit is comparable to the original unit.

1998-2003 Action Plan:

- Continue to implement City procedures pertaining to Tenant Relocation Assistance.
- Periodically review existing City policies and ordinances and recommend modifications if deemed necessary.

Responsible Division: City Attorney's Office.

Program 5.e: Assess Establishing a Temporary Relocation Program

Program Background: This program is designed to provide housing for persons temporarily displaced as a result such programs as the Multi-Family Neighborhood Improvement Program (Program 4.b), and Earthquake Retrofitting (Program 4.d). It would involve the purchase and renovation of a site to provide a temporary home to displaced tenants.

1998-2003 Action Plan:

- Assess the feasibility of establishing a Temporary Relocation Program, pursuant to which, the City would:

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- estimate the potential need for temporary housing and identify potential sites for such housing, which may be located in or nearby the City;
 - lease and/or acquire such sites; and
 - provide for appropriate management of the site, such as through a contract with a non-profit development corporation, to manage the site for use by temporarily displaced tenants.

Responsible Division: Housing Division.

Program 5.f: Develop a Strategy to Address Threats to the HUD Section 8 Rental Subsidy Program

Program Background: As discussed in Section II of the Housing Element, two significant changes--the Costa-Hawkins vacancy decontrol legislation and pending changes to HUD regulations and funding--may dramatically affect both program funding and incentives for landlords to participate in the program.

1998-2003 Action Plan:

- Assess the financial feasibility of establishing a rent subsidy program for Section 8 tenants whose landlords have canceled their HUD contracts with the Housing Authority. The subsidy would pay for a percentage of the Maximum Allowable Rent (MAR) if the tenants chose to remain in their units and pay the MAR. The analysis would include the feasibility of creating a public/private partnership to fund the program.
- Assess the feasibility of creating a housing rehabilitation loan program that would provide rehabilitation grants or loans to landlords in return for units being deed restricted to tenants at no more than 60% of median income, adjusted by family size.
- Apply to HUD for a Santa Monica based Fair Market Rent (FMR) standard at the earliest possible date in order to stay competitive in the vacancy decontrol rental marketplace.
- Take full advantage of the HUD regulations which currently allow the gross contract rent to exceed the Fair Market Rent (FMR) standard by up to 20% for 30% of the certificate caseload. The option should only be used to secure and retain the highest quality units and to increase program participation in underserved areas of Santa Monica.

Responsible Division: Housing Division.

GOAL 6.0: ELIMINATE DISCRIMINATION IN THE RENTAL OR SALE OF HOUSING ON THE BASIS OF RACE, RELIGION, NATIONAL ORIGIN, SEX, SEXUAL PREFERENCE, AGE, DISABILITY, FAMILY STATUS, AIDS, OR OTHER SUCH CHARACTERISTICS.

POLICY 6.1: Continue to enforce fair housing laws prohibiting arbitrary discrimination in the building, financing, selling, or renting of housing, on the basis of race, religion, national origin, sex, sexual preference, age, disability, family status, AIDS, or other such characteristics.

IMPLEMENTATION PROGRAMS: The following programs are intended to implement the city's goal of eliminating discrimination in access to housing. Other programs listed under other goals will also accomplish this goal.

Program 6.a: Maintain Fair Housing Programs

Program Background: The City Attorney's Office through its Division of Consumer Affairs, along with other government agencies, enforces the fair housing laws. The City has an in-house Fair Housing Unit in the City Attorney's Office with a fair housing specialist and a Spanish-speaking community liaison who work with the attorney. The Fair Housing Unit investigates discrimination complaints. It also offers education information and programs to the community on their rights and responsibilities under the fair housing laws. Additionally, the Fair Housing Unit takes complaints involving lockouts, utility shut-offs and tenant harassment.

The City's Ordinance #1812 provides added eviction protection to tenants with domestic partners. This ordinance establishes a procedure for filing an "Affidavit of Domestic Partnership" with the City Clerk's Office, and prohibits eviction of any tenant on the basis that the rental agreement has been breached as a result of an increase in the number of occupants due to a change in the domestic partnership arrangement of the occupant.

The City also has a Fair Housing for Children ordinance, which prohibits discrimination against families with children in the sale or rental of housing.

1998-2003 Action Plan:

- Educate landlords about discrimination against children and encourage them to rent to more families.
- Educate the real estate community on the necessity of ensuring that their practices meet the objectives of the fair housing laws.

Responsible Division: City Attorney's Office.

Program 6.b: Provide Tenant/Landlord Mediation and Legal Services

Program Background: The City provides funding to nonprofit organizations to provide dispute resolution services, and legal advice and representation on tenant/landlord matters, as well as other civil and consumer issues.

1998-2003 Action Plan:

- Continue to support tenant/landlord mediation and legal services assistance.

Responsible Division: Human Services Division.

Program 6.c: Develop Public Education Program on Reverse Mortgages

Program Background: A reverse mortgage is a deferred payment loan or a series of such loans for which a home is pledged as security. Qualification for the loan is based primarily on property value, rather than income, allowing the elderly homeowner on a fixed income to receive a loan for which he or she would otherwise not qualify. The reverse mortgage is generally taken out by a senior who is in immediate need of cash, often for an emergency health care problem. Reverse mortgages are available in the private lending market. While reverse mortgages offer many benefits to senior homeowners in need of cash, without proper information they can also be abused and may not always serve their best financial interest.

1998-2003 Action Plan: Prepare educational materials outlining the availability, benefits, and liabilities of reverse mortgages, and disseminate these materials to seniors through local service organizations which serve seniors.

Responsible Division: Housing Division; City Attorney's Office

Program 6.d: Develop a Housing Repair Loan Program for Low-Income Senior Homeowners

Program Background: Many low-income senior homeowners require repairs to their homes but do not have the cash available to make the repairs, nor can they afford to take out a loan to finance the repairs. In cases where the homeowner has equity, and the repairs required are extensive, a deferred housing repair loan may fill a very important need not met by the private market.

Also, in Fiscal Year 1996/97, the City began a new Pilot Residential Repair Program for qualifying low income households. While this new program dedicates a majority of available Community Development Block Grant funds for lead-based paint testing and treatment and home security improvements, a portion of the program funds are available for smaller repairs. Some of the repair funds could be earmarked for grants to senior households, including senior homeowners.

1998-2003 Action Plan:

- Evaluate the feasibility and appropriateness of a Housing Repair Loan Program for Low Income Senior Homeowners.
- Earmark a portion of the funds set aside for small repairs under the Pilot Residential Repair Program for grants to low-income senior households, including homeowners.

Responsible Division: Housing Division

GOAL 7.0: PROMOTE QUALITY HOUSING AND NEIGHBORHOODS

POLICY 7.1: Promote safe and secure housing and neighborhoods, and encourage housing design which serves to deter crime.

POLICY 7.2: Promote use of sustainable construction techniques and environmentally sensitive design for all housing.

POLICY 7.3: Ensure that architectural design of new housing development is compatible with the surrounding neighborhood.

POLICY 7.4: Encourage the preservation of architecturally and historically significant buildings and neighborhoods.

POLICY 7.5: Promote access to transit and neighborhood services in ~~new~~ residential development.

IMPLEMENTATION PROGRAMS: The following programs are designed to protect and enhance quality housing and neighborhoods, and to ensure the ability of the City to meet its affordable housing goals is not compromised.

Program 7.a: Provide a Residential Neighborhood Safety Program

Program Background: The City offers a range of residential safety programs, including the following:

- Residential Security Survey Program - provides assessments of home security and offers suggestions on how to make improvements. (Police Department)
- Operation Identification - encourages residents to engrave valuable items with an ID number to assist in the recovery of stolen property. (Police Department)

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- Neighborhood Watch Groups - provides annual grants to the Neighborhood Support Center (NSC) to provide technical assistance in developing Neighborhood Watch groups. (Human Services Division)
 - Community Forums - conducts neighborhood and community forums on public safety issues and linkages with the Santa Monica Police Department. (Police Department)
 - Crime prevention and community relations programs as well as educational materials for residents. (Police Department)

1998-2003 Action Plan:

- Continue to offer a range of neighborhood safety programs through the Police Department.
- Through a coordinated effort between the Police Department and Housing Division, offer free home security surveys and provide subsidies to low income households to improve household security against crime (see Program 4.b).
- Assess the feasibility of creating a program to facilitate the installation of deadbolts, peepholes in entry doors, window locks, and exterior motion detector lights.

Responsible Division: Police Department (lead); Human Services Division; Housing Division; Rent Control Agency

Program 7.b: Provide Historic Preservation Programs

Program Background: The City's adopted Landmarks and Historic Districts Ordinance established the Landmarks Commission and delegated to the Commission the authority to designate landmarks and make recommendations to the City Council for historic districts. Since adoption of the Ordinance, the City has conducted an historic resources inventory encompassing major portions of the City, designated 31 landmarks, and established one historic district - Third Street Neighborhood Historic District.

Under the Landmarks and Historic Districts Ordinance, incentives are available to encourage owners of designated properties to maintain and preserve their structures. These incentives include elimination of building permit fees, administrative planning fees, and Certificate of Appropriateness fees, and parking incentives.

1998-2003 Action Plan:

- Continue to implement the Landmark and Historic Districts Ordinance.
- Initiate and implement the property tax reduction program (Mills Act contracts).

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- Conduct community workshops and develop brochures for distribution to owners of eligible properties to promote historic preservation.
 - Evaluate the Historic Resources Survey as the basis for development of a comprehensive preservation plan for the City.

Responsible Division: City Planning Division.

Program 7.c: Maintain Energy and Water Conservation Programs

Program Background: The City administers a Retrofit Upon Sale program which requires existing properties to retrofit all toilets and showerheads prior to transfer of title. The City also requires all new construction to comply with Title 24 of the Uniform Building Code regarding water and energy conservation.

1998-2003 Action Plan:

- Continue to monitor energy and water usage in the city and investigate other appropriate programs to conserve these scarce natural resources.

Responsible Division: Environmental Programs Division.

Program 7.d: Facilitate Sustainable Housing Development

Program Background: In 1994, the City Council adopted the Santa Monica Sustainable City Program which provides a comprehensive long-term environmental strategy for the community. The program contains specific principles, goals, and targets for measuring progress in achieving sustainability. The City is currently developing Sustainable Building Development Guidelines as an outgrowth of the program. These Guidelines will include design advice for multiple family residential buildings as well as commercial buildings and will be designed to address methods to achieve the building-related targets of Sustainable City Program. The Guidelines are to be completed by 1997.

1998-2003 Action Plan:

- Continue to educate non-profit and for-profit housing developers in ways to create environmentally sustainable housing developments in Santa Monica.
- Support and encourage the efforts of housing developers, designers, and contractors in their use of sustainable building practices by exploring various incentive options.

-
- Continue to assess future housing developments' contribution to the goals and targets of the Sustainable City Program.
 - Assess the feasibility of integrating the administration of the Sustainable Building Development Guidelines into the existing development approval process.
 - Continue to incorporate sustainable design and construction strategies within Development Agreements.
 - Assess and evaluate energy efficiency in design of residential development, including affordable housing projects.

Responsible Division: City Planning Division (lead); Environmental and Public Works Management.

Program 7.e: Maintain an Office Development Mitigation Program

Program Background: The City's Office Development Mitigation Program requires developers of new commercial office space in excess of 15,000 square feet or additions to existing developments in excess of 10,000 square feet to either: (1) provide low income housing and open park space; or (2) pay the City an in-lieu fee to be used for such efforts.

Fees generated by this program are allocated as follows: 45% is deposited in the Housing Mitigation Fund and used to develop low and moderate income housing; 45% is deposited into the Parks Mitigation Fund and used for the acquisition, development, and/or significant improvement of parks; and 10% is deposited into an account which may be transferred into the Housing Mitigation Fund or the Parks Mitigation Fund.

1998-2003 Action Plan:

- Continue implementation of the Office Mitigation Program.

Responsible Division: City Planning Division (lead); Housing Division; Community and Cultural Services Division.

Program 7.f: Monitor the Rate of Development Activity in Multi-family Residential Districts.

Program Background: The Costa-Hawkins Rental Housing Act and proposed City programs to facilitate the production of housing may result in increased development activity within the City's multi-family residential neighborhoods. A reasonable rate of development in multi-family residential neighborhoods could have a positive impact on the existing quality of life and character of the neighborhoods, however rapid redevelopment could jeopardize the character of the neighborhoods and have a corresponding negative impact on the quality of life.

1998-2003 Action Plan:

- Monitor the rate of development activity in multifamily residential districts. Report on at least an annual basis the number of planning applications granted for new housing construction. If the rate or pattern of development appears to negatively affect the quality of life or character of the neighborhood, consider enacting measures which may include a construction rate program

Responsible Division: City Planning Division

GOAL 8.0: PROMOTE THE PARTICIPATION OF CITIZENS, COMMUNITY GROUPS, AND GOVERNMENTAL AGENCIES IN HOUSING AND COMMUNITY DEVELOPMENT ACTIVITIES

POLICY 8.1: Ensure maximum citizen involvement in housing and community development activities.

POLICY 8.2: Provide information and assistance in the language of the person or group needing housing assistance, to the greatest extent possible.

POLICY 8.3: Ensure communication and coordination between City departments and agencies on issues related to housing and community development.

POLICY 8.4: Encourage involvement of all interested parties in the review and formulation of City housing policies, including property owners, building industry professionals, affordable housing advocates, lending institutions, and other interested parties.

IMPLEMENTATION PROGRAMS: The following programs are intended to promote the participation of all segments of the community in decisions related to housing and community development.

Program 8.a: Maintain a Citizen Notification Program

Program Background: The Zoning Ordinance requires that notice of a public hearing be given to property owners and tenants within 500 feet of the subject property for certain site-specific land developments. In addition to direct mail notices, public hearings are advertised in the local newspaper. (The availability of further information in Spanish is indicated in these newspaper ads.) City Council meetings are broadcast to the public by radio and on the City's local cable station. Planning Commission meetings are also aired on the local cable station. The City operates the Public Electronic Network (PEN) which makes available to the public via the Internet, World Wide Web and other modem networks information about development proposals, upcoming hearings, and City regulations.

Through funding support by the City, the Neighborhood Support Center (NSC) works closely with neighborhood associations to notify residents of issues pertaining to land development and changes in housing program policies and regulations through regular distribution of neighborhood newsletters and by conducting public forums to discuss relevant issues.

1998-2003 Action Plan:

- Continue to publicize development and policy proposals to all interested parties through the use of noticing, the radio, cable TV, and PEN.

Responsible Division: City Planning Division.

Program 8.b: Conduct Housing Element Review

Program Background: The Housing Element update represents a comprehensive review of the City's housing strategy and policy, and a refinement and expansion of existing programs as appropriate. In addition, the City undergoes annual review of its General Fund, CDBG, HOME, and redevelopment tax increment funded housing and community development programs.

1998-2003 Action Plan:

- Implement identified housing element programs within the time frames set forth in Table V-2.
- Review grant-funded programs and redevelopment set-aside programs on an annual basis.

Responsible Division: City Planning Division (lead); Housing Division.

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
GOAL 1.0: PROMOTE THE CONSTRUCTION OF NEW HOUSING THROUGH REGULATORY MECHANISMS				
Program 1.a: Assess and Revise, Where Appropriate, City Regulatory Requirements	Eliminate CUP requirement for condominiums and evaluate other similar design review procedures.	FY 98/99	City General Fund	- City Planning Division - Environmental and Public Works Management Department - City Attorney's Office
	Amend the Inclusionary Housing Program.	FY 98/99		
	Revise development standards to accommodate density bonus units.	FY 98/99		
	Assess feasibility of modifying off-site infrastructure improvement requirements.	FY 99/2000		
	Support and promote the construction of live/work space through development standards and incentives.	FY 99/2000		
	Evaluate modification of development standards to encourage housing development in commercial areas.	FY 99/2000		
	Evaluate development standards to encourage the development of courtyard/garden style apartments.	FY 99/2000		
	Evaluate development review permit requirements in commercial districts to provide for 50 percent reduction in floor area calculation for residential uses.	FY 99/2000		
	Evaluate Zoning Ordinance modifications to allow for non-conforming multi-family dwellings to be replaced due to natural disaster.	FY 99/2000		

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
Program 1.b: Streamline Permit Approval Processes	• Develop handbook to guide applicants through development process. • Improve "Permits" database with GIS linkage, streamlined organization, and public accessibility. • Expand information available on "Permits" to facilitate project tracking and provide up to date information.	FY 99/2000 FY 98/99 FY 98/99	• City General Fund	• City Planning Division • Building and Safety Division • Information Systems Division
Program 1.c: Maintain Architectural Review Guidelines and Development Compatibility	• Continue to implement architectural review guidelines, and review/revise development standards as appropriate.	Ongoing	• City General Fund	• City Planning Division
Program 1.d: Consider Rezoning Non-residential Areas for Residential Use	• Assess opportunities for developing housing in areas zoned for non-residential uses.	FY 99/2000	• City General Fund	• City Planning Division

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
GOAL 2.0: INCREASE THE SUPPLY OF HOUSING AFFORDABLE TO VERY LOW, LOW, AND MODERATE INCOME PERSONS				
Program 2.a: Maintain an Inclusionary Housing Program	• Study modifications to Inclusionary Housing Program to balance housing production with maintenance. Potential changes may include the following: - Expansion of in-lieu fee option, consistent with Costa-Hawkins. - Zoning incentives for construction of 30% affordable units on-site. - Ability to satisfy inclusionary obligation through State density bonus provision. - Ability to satisfy inclusionary obligation through compliance with tax exempt bond financing requirements, - Periodic recalculation of in-lieu fee to promote project feasibility, generate in-lieu fee revenues, and sustain Citywide compliance with Proposition R. - Increased threshold for on-site provision of all affordable units. - Eliminate option to satisfy inclusionary obligations by providing all moderate income units at 100% MFI, or replacing with 100% deed-restricted unit option for 80% MFI occupants. - Consider modification of in-lieu fee structure to encourage housing in targeted areas.	FY 98/99	• City General Fund	• Housing Division • City Planning Division • City Housing Authority

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
Program 2.b: Maintain a Density Bonus Program	Revise existing development standards as necessary to assure the building envelope adequately accommodates the construction of density bonus units. Consider neighborhood-specific standards to ensure maintenance of neighborhood character.	FY 99/2000	City General Fund	City Planning Division
Program 2.c: Provide Assistance to Non-Profits for Housing Development	- Continue provision of financial and technical assistance to non-profit housing providers. - Continue provision of financial and technical assistance to non-profits in the completion of HUD Section 202, Section 811, and other funding applications. - Work with non-profits to assure local capacity.	Ongoing	- City Housing Trust Funds - HOME - CDBG - Redevelopment Set-Aside	- Housing Division - Human Services Division
Program 2.d: Provide Funding to Assist in Housing Production	- Continue to apply for funding for affordable housing production from federal and state programs. - Continue to seek new sources of federal and state funding. - Utilize Redevelopment Funds to the extent feasible.	Ongoing	Federal, state, county, local, and private funds	- Housing Division - Human Services Division

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
Program 2.e: Assess Alternative Affordable Housing Finance Programs	- Assess creative financing mechanisms such as tax exempt bond-financing. - Consider using HUD Section 108 loan program. - Assess Mortgage Credit Certificate program to assist 1st-time homebuyers. - Continue working with private lenders to leverage City funds. - Continue to recommend changes to the State TCAC's Qualified Allocation Plan. - Encourage developers to utilize affordable housing bond financing and facilitate coordination among developers when appropriate.	FY 98/99 FY 98/99 FY 98/99 Ongoing Ongoing Ongoing	- TORCA Tax - Redevelopment Set-Aside - CDBG - Low Income Housing Tax Credits	Housing Division
Program 2.f: Assess the Use of City-Owned / Publicly-Owned Land for Affordable Housing	- Conduct inventory of publicly-owned land and examine feasibility of use for affordable housing development. - Assess the use of City-owned, publicly-owned, and privately-owned land for affordable housing. - Consider purchasing land for development of affordable housing. - Enact a land banking program, if feasible, to purchase land and existing properties for future development of affordable housing.	FY 98/99 FY 98/99 FY 98/99 FY 99/2000	- City General Fund - Redevelopment Set-Aside	- Resource Management Department - City Planning Division - Housing Division

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
Program 2.g: Foster Housing Development Through the Use of Development Agreements	Continue to negotiate into Development Agreements the inclusion of on-site affordable housing or payment of in-lieu fees, above and beyond existing City requirements.	Ongoing	City General Fund	- City Planning Division - City Attorney's Office
Program 2.h: Facilitate the Development of Housing for Families with Children	- Dedicate a portion of City affordable housing resources to the production of units for families with children. - Assess possibility of permitting reconfiguration of units in existing buildings to increase the number and size of bedrooms in deed-restricted affordable developments to provide large family units. - Assess possibility of revising the zoning code to allow alternative types of housing on privately-owned and City-owned properties. - Consider alternative development standards (e.g. height, lot coverage, density, setbacks, parking requirements, etc.) that facilitate development of housing for families with children.	FY 98/99 FY 99/2000 FY 2000/01 FY 99/2000	Federal, state, county, local, and private funds	- Housing Division (lead) - City Planning Division - Rent Control Board

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
Program 2.i: Facilitate the Development and Maintenance of Special Needs Housing	- Identify existing resources and develop new resources to fund development of supportive housing and services. - Continue and strengthen partnerships with service providers. - Assess development of a high subsidy program for the development of permanently affordable housing for very, very low income households, including both SRO and family units.	Ongoing Ongoing FY 98/99	- CDBG - HUD Section 811 - Shelter Plus Care - ESG - Low Income Housing Tax Credits - Local funds	- Human Services Division (lead) - Housing Division
Program 2.j: Facilitate the Provision of Emergency, Transitional, and Permanent Housing for the Homeless	- Seek and leverage outside funds for emergency and transitional housing development. - Work in partnership with local non-profits for housing and supportive services. - Consider giving priority to persons in temporary or transitional housing for occupancy in permanent affordable housing.	Ongoing Ongoing FY 98/99	- CDBG - HUD Section 811 - Shelter Plus Care - ESG - Low Income Housing Tax Credits - Local funds	- Human Services Division (lead) - Housing Division
Program 2.k: Expand Article 34 Authority	Seek expanded Article 34 Authority to utilize a variety of revenues to develop, construct, or acquire low and moderate income rental housing projects.	FY 98/99	City General Fund	- City Planning Division - Housing Division

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
GOAL 3.0: PROTECT THE EXISTING SUPPLY OF AFFORDABLE HOUSING				
Program 3.a: Develop Programs to Ameliorate the Effects of Costa-Hawkins	Develop programs to protect tenants against landlord cancellation of existing Section 8 contracts (including City and/or private foundation-funded subsidy) to enable tenants to remain and pay the MAR.	FY 98/99	- MERL program funds - TORCA funds - Pico Neighborhood Trust Fund	- Housing Division (lead) - Rent Control Agency
	The Housing Authority should take all necessary steps to increase Fair Market Rent (FMR's) to allow Section 8 to offer market rents.	FY 98/99		
	- If necessary, develop incentive program to encourage landlords to rent to Section 8 subsidized tenants and remain in the Section 8 program. Such a program could include: - Subsidized loans and/or grants for rehabilitation. - Reinstated guarantees against rent loss and damage. - Improved tenant screening and tenant support services.	FY 98/99		

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
Program 2: Development of Rental Units and Townhomes Program 3: Expansion of Existing Housing Programs	• Develop a comprehensive strategy to address the effects of Costa-Hawkins on housing affordability, including an evaluation of the following programs: - Acquisition and/or rehabilitation program that provides funding in exchange for deed-restricted units. - Expansion of existing multi-family acquisition and rehabilitation program. - Low interest loan program for new affordable housing construction that provides deed restricted units. - Program to allow conversion of rental units to ownership in exchange for permanently deed-restricted rental units. - Rental assistance program to fund difference between Fair Market Rent and market rents. - Rental program to assist tenants whose landlords opt out of the Section 8 program to pay the Maximum Allowable Rent. - Security deposit assistance program for needy Section 8 recipients.	FY 98/99 to FY 99/2000		

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
	- To the extent feasible, utilize non-housing Redevelopment Funds to supplement 20% set-aside for acquisition, rehabilitation, and construction. • Create incentive program to encourage landlords to provide affordable housing in exchange for deed-restricted affordable rental units. • Assess the feasibility of modifying the Rent Control Law to encourage development of multi-family apartments.	FY 99/2000 FY 99/2000		
Program 3.b: Protection of Mobile Home Park Tenants	• Continue to protect tenants in existing mobile-home parks. • Assist with mobile-home park rehabilitation or conversion to ownership as appropriate or feasible.	Ongoing Ongoing	• TORCA funds • State funds • Private funds	• Housing Division • City Planning Division
Program 3.c: Maintain a Tenant Eviction Protection Program	• Continue prevention of unlawful evictions through enforcement of "just cause" protections. • Continue to give housing voucher assistance or priority for Section 8 to lower income, Ellis Act displacees. • Continue funding of legal aid organizations providing tenant education and legal representation in landlord/tenant disputes. • Modify laws to ensure tenant protection to the maximum extent legally feasible.	Ongoing Ongoing Ongoing Ongoing	• City General Fund • Federal funds	• City Attorney's Office • Rent Control Agency • Housing Division • Human Services Division

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
Program 3.d: Facilitate the Preservation of At-Risk Housing Multi-Family Programs and Homeowner Programs	- Consider the following actions, as appropriate, to preserve at-risk housing stock: - Monitor status of units at-risk and advise tenants in advance of potential conversion dates. - Provide tenant education regarding purchase or replacement housing.	Ongoing	Federal LIHPRHA funds, and other state, local, and private funds	Housing Division
Program 3.e: Maintain a Fair Rental Assessed Single-Family Program	- Develop and implement a fair rental program that includes procedures for tenants who are unable to pay their rent. - Implement a program to assist tenants who are unable to pay their rent.	FY 2000 FY 2001	LIHPRHA	- Housing Division - Fair Rental Agency - Local Housing Agency
Program 4: Maintain a Housing Code Enforcement Program	Develop and implement a housing code enforcement program that includes procedures for tenants who are unable to pay their rent.	Ongoing	LIHPRHA	- Housing Division - Fair Rental Agency

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
GOAL 4.0: PROMOTE THE REHABILITATION AND CONTINUED MAINTENANCE OF EXISTING HOUSING				
Program 4.a: Assess Establishing a Multi-Family Neighborhood Improvement Program	- Evaluate establishment of a multi-family neighborhood improvement program to upgrade substandard housing. Program may include: - Develop inventory of substandard buildings. - Perform code inspections. - Issue citations to property owners for Health and Safety code violations. - Providing assistance in identifying rehabilitation funding sources in exchange for deed-restricted units. - Provide rehabilitation assistance in exchange for low income deed-restricted units.	FY 98/99	- CDBG - Bond Financing - City Trust Funds - Redevelopment Set-Aside	- Housing Division - Rent Control Agency - Building and Safety Division
Program 4.b: Maintain a Low Income Residential Repair Program	- Implement a modified residential repair program that establishes priorities for the needs identified in the program evaluation. - Evaluate energy efficiency retrofits to very low and low income units.	FY 97/98 FY 98/99	CDBG	- Housing Division - Rent Control Agency - Santa Monica Housing Authority
Program 4.c: Maintain a Housing Code Enforcement Program	Continue implementation of housing code enforcement program, including coordination of repair assistance information.	Ongoing	City General Fund	- Building and Safety Division - Rent Control Agency

TABLE V-2
HOUSING PROGRAM SUMMARY TABLE

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
Program 4.d: Maintain an Earthquake Retrofitting Program	Continue to require earthquake retrofitting in compliance with seismic upgrade regulations.	Ongoing	- City General Fund - MERL funds - Redevelopment Set-Aside	- Building and Safety Division - Resource Management Division
Program 4.e: Assess Establishing a Lead-Based Paint and Asbestos Hazards Reduction Program	- Assess feasibility of establishing an educational program and other potential assistance to address abatement and removal of lead-based paint. - Educate construction industry and train enforcement personnel to ensure safe construction sites.	FY 98/99 Ongoing	CDBG	- Environmental and Public Works Management (Lead) - Housing Division - Building and Safety Division - Rent Control Agency

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
GOAL 5.0: PROVIDE HOUSING ASSISTANCE AND SUPPORTIVE SERVICES TO VERY LOW, LOW, AND MODERATE INCOME HOUSEHOLDS AND HOUSEHOLDS WITH SPECIAL NEEDS				
Program 5.a: Maintain a Section 8 Rental Assistance and Housing Voucher Program	Continue to operate Section 8 programs and pursue additional funding to increase number of assisted households.	Ongoing	Federal funds	Santa Monica Housing Authority
Program 5.b: Maintain a Community Development Grant Program	- Continue implementation of coordinated case management system for homeless individuals. - Continue support of an emergency homeless shelter, and transitional housing programs. - Continue support for job training and placement assistance programs. - Continue support for provision of childcare information, assistance, and subsidies. - Continue support for an array of in-home independent living assistance programs for seniors and persons with disabilities. - Continue support for home access program to assist persons with disabilities. - Continue funding of a Public Works Assessment Assistance program. - Continue support for legal services and representation in landlord/tenant disputes, domestic violence, and other consumer issues.	Ongoing	- Local funds - CDBG - Proposition A - County funds	Human Services Division

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
Program 5.c: Maintain a Homebuyers Assistance Program	- Continue to operate the TORCA Shared Appreciation Program. - Assess feasibility of using Mortgage Credit Certificates (MCC) to assist 1st-time homebuyers. - Assess feasibility of a silent second program for 1st-time low income home buyers, in conjunction with MCC's.	Ongoing FY 98/99 FY 98/99	- TORCA funds - Mortgage Credit Certificates (MCC) - County - CDBG - HOME - Local funds	Housing Division
Program 5.d: Provide Tenant Relocation Assistance	- Continue to implement Tenant Relocation Assistance procedures. - Periodically review existing policies and ordinances, recommending modifications if necessary.	Ongoing Ongoing	City General Fund	City Attorney's Office
Program 5.e: Assess Establishing a Temporary Relocation Program	- Consider establishing a Temporary Relocation Program which would: - estimate need and identify sites for temporary housing; - lease and/or acquire such sites; and - provide appropriate management of the site for use by temporarily displaced tenants.	FY 99/2000	Federal, state, county, and local funds	Housing Division

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
Program 5.f: Develop a Strategy to Address Threats to the HUD Section 8 Rental Subsidy Program	- Assess financial feasibility of establishing rent subsidy program to pay for a percentage of the MAR for Section 8 tenants whose HUD contracts were cancelled. - Assess feasibility of creating a housing rehabilitation loan program for landlords in exchange for deed-restricted units for tenants at 60% or less of the median income. - Apply to HUD for a Santa Monica based Fair Market Rent (FMR) standard. - Use current HUD regulations on maximum gross contract rent to secure and retain highest quality units and to increase program participation in underserved areas.	FY 98/99 FY 98/99 FY 98/99 FY 98/99		- Housing Division - Santa Monica Housing Authority

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
GOAL 6.0: ELIMINATE DISCRIMINATION IN THE RENTAL OR SALE OF HOUSING ON THE BASIS OF RACE, RELIGION, NATIONAL ORIGIN, SEX, SEXUAL PREFERENCE, AGE, DISABILITY, FAMILY STATUS, AIDS, OR OTHER SUCH CHARACTERISTICS				
Program 6.a: Maintain Fair Housing Programs	- Educate landlords about discrimination against families with children. - Educate real estate community on necessity of complying with housing laws.	Ongoing Ongoing	City General Fund	City Attorney's Office
Program 6.b: Provide Tenant/Landlord Mediation and Legal Services	Continue to support tenant/landlord mediation and legal services assistance.	Ongoing	CDBG	Human Services Division
Program 6.c: Develop Public Education Program on Reverse Mortgages	Prepare and disseminate to seniors educational materials reviewing the availability, benefits, and liabilities of reverse mortgages.	FY 98/99	City General Fund	- Housing Division - City Attorney's Office
Program 6.d: Develop a Housing Repair Program for Low-Income Senior Homeowners	- Evaluate the feasibility and appropriateness of a Housing Repair Loan Program for low-income seniors. - Earmark a portion of the Pilot Residential Repair Program's small repairs funds for grants to low-income senior households.	FY 98/99 FY 98/99	- City General Fund - CDBG	Housing Division

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
GOAL 7.0: PROMOTE QUALITY HOUSING AND NEIGHBORHOODS				
Program 7.a: Provide a Residential Neighborhood Safety Program	- Continue to offer a range of neighborhood safety programs. - Offer subsidies and home security reviews to low income households. - Assess feasibility of creating program to facilitate installation of home security devices.	Ongoing Ongoing Ongoing	- City General Fund - CDBG	- Police Department (lead) - Human Services Division - Housing Division - Rent Control Agency
Program 7.b: Provide Historic Preservation Programs	- Continue to implement Landmark and Historic Districts Ordinance. - Initiate and implement property tax reduction program. - Conduct community workshops and develop informational brochures to promote program. - Evaluate Historic Resources Survey as basis for developing comprehensive preservation plan.	Ongoing FY 98/99 FY 98/99 FY 98/99	City General Fund	City Planning Division
Program 7.c: Maintain Energy and Water Conservation Programs	Continue to monitor energy and water use and investigate appropriate conservation programs.	Ongoing	City General Fund	Environmental Programs Division

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
Program 7.d: Facilitate Sustainable Housing Development	- Educate developers in ways to create environmentally sustainable housing. - Encourage use of sustainable design through incentive options. - Assess the contribution of future housing development to goals of Sustainable City Program. - Assess feasibility of integrating Sustainable Building Development Guidelines into existing development approval process. - Continue to incorporate sustainable design and construction strategies within Development Agreements. - Evaluate energy efficiency in residential development design.	FY 99/2000 FY 99/2000 Ongoing FY 2000/01 Ongoing Ongoing	City General Fund	- City Planning Division (lead) - Environmental and Public Works Management
Program 7.e: Maintain an Office Development Mitigation Program	Continue implementation of Office Mitigation Program.	Ongoing	Office Mitigation Fund	- City Planning Division (lead) - Housing Division - Community and Cultural Services Division
Program 7.f: Monitor the Rate of Redevelopment Activity in Multi-family Residential Districts	Monitor the rate of redevelopment in multi-family residential districts, determining the number of applications granted for new housing construction. Consider enacting measures such as a construction rate program to offset negative effects of redevelopment on the quality of life or neighborhood character.	Ongoing	City General Fund	City Planning Division

**TABLE V-2
HOUSING PROGRAM SUMMARY TABLE**

GOAL & HOUSING PROGRAMS	1998-2003 ACTION PLAN	TIME FRAME	FUNDING SOURCE	RESPONSIBLE AGENCY
GOAL 8.0: PROMOTE THE PARTICIPATION OF CITIZENS, COMMUNITY GROUPS, AND GOVERNMENTAL AGENCIES IN HOUSING AND COMMUNITY DEVELOPMENT ACTIVITIES				
Program 8.a: Maintain a Citizen Notification Program	Continue to publicize development and policy proposals through notices, radio, cable TV, and PEN.	Ongoing	City General Fund	City Planning Division
Program 8.b: Conduct Housing Element Review	- Implement Housing Element programs within time frames set forth in Table V-2. - Perform annual review of programs funded by grants and redevelopment set-asides.	Ongoing Ongoing	City General Fund	- City Planning Division (lead) - Housing Division

Appendix A:
Summary of Comments from
Community Meetings

Appendix A:
Summary of Comments from
Community Meetings

Issues and Comments
from
April 24, 1995 Housing Element Update
Scoping Meeting

**HOUSING ELEMENT
SCOPING MEETING
ISSUES AND COMMENTS
4/24/95**

The following notes reflect the comments received at the April 24, 1995 Housing Element Scoping Meeting. Staff has placed all comments under topic headings in order to organize the issues that were raised. A list of attendees is attached.

Affordable Housing

- o More affordable housing, replacement housing

Vacancy Decontrol Impacts - Rent Control

- o 2 Scenarios:
 - a) vacancy control
 - b) vacancy de-control
- o Examine effects of potential rent control change in terms of Ellis, Prop R, how will change affect development, affordability of housing stock?

Inclusionary Housing

- o Review in lieu fees v. on-site affordable housing
How are lieu fees being spent?
- o Inclusionary housing program - how are we doing
 - o who is benefiting?
 - o status of monitoring
 - o how in-lieu fees are being used
 - o who is living in units?
- o On site v. off site feasibility for affordable units
- o Evaluate effectiveness of all on-site inclusionary on small projects - is scattering affordable units within lots of buildings efficient, where/when does this make sense, when does it not make sense

Jobs/Housing Balance

- o Jobs/Housing balance - pressure on housing

Land Trusts

- o Program: Land trusts - explore feasibility of establishing this type of program
- o Henry George - "Progress and Poverty" - Common Ground (British author - model - land trusts) ideas tested in Pittsburgh - get information from Pittsburgh, would like to learn from their experience.

Density Bonus

- o Density Bonus: Consider allowing density bonus on sites with existing housing if existing housing is deed restricted to remain affordable - consider this given likelihood of vacancy de-control.

Mixed Use

- o Mixed Use - explore bonus for affordable housing/incentives to create more mixed use.
- o Examine problems with financing mixed use, examine parking requirements.
- o Examine ways to build housing in commercial areas (Bayside - example) without hurting developers (help fund it).

Housing for Different Population Groups

- o Senior citizens: 1 in 5 residents over 65 - needs to be greater priority, more consideration needed for affordable housing for seniors
- o affordable (VL + L) housing for non-seniors; housing for fatherless households
- o Analyze population characteristics of city (seniors, singles)
 - o what does it mean for housing?
- o Families:
 - o more analytical, strategic approach to evaluating needs
- o Programs to create ownership opportunities for "average income" families. Need new paradigm(s) for this.
- o "Granny: (accessory) units - re-examine this issue

Funding/Financing

- o Tax - increment funds (Redevelopment Funds):
 - o priorities for this money

- o how to be used?
- o Dwindling state/federal funds; identify how this relates to, and impacts availability and use of local funds
- o Financial resources and other incentives (besides existing City programs) for affordable housing -land banking underdeveloped lots
- o City \$\$ for acquisition/land trusts
- o Effect of declining in-lieu fee revenues
- o Impact of recession/market conditions and effect on supply
- o Examine available subsidies for affordable housing
 - o Section 8 vouchers

Past Performance

- o Past performance under prior housing elements, compared to quantified objectives, RHAM, + RHNA

Additional Participation of Interested People

- o New Housing providers - what does it take to get them into the market - how to get them to participate
- o How to get lenders, architects etc. to participate in update process.

Housing Quality

- o Focus on Quality of housing - Livability; explore design concepts, how does it relate to neighborhood
- o Examine existing, older models in City.

Education

- o Need for public education on housing issues

Miscellaneous

- o Examine other opportunities for producing more housing

- o What criteria are being used to satisfy needs of local (city) and regional population?
- o Evaluate existing programs in terms of governmental constraints
- o Describe housing element update as other than "pro forma"

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1996 - 2000
HOUSING ELEMENT UPDATE
SUMMARY OF PUBLIC MEETING COMMENTS

4/2/95 and 5/9/95

San Edward's Center
City of Santa Monica

1996 - 2000
HOUSING ELEMENT UPDATE
SUMMARY OF PUBLIC MEETING COMMENTS

8/5/95 and 8/9/95

Ken Edwards Center
City of Santa Monica

- Use earthquake ordinance as model- extra bonuses to facilitate affordable housing
- Lenders, developers find difficult to build
- In-lieu fee - 1990 fee increase may have discouraged projects
- Family housing - allow tandem parking - this would be a great incentive
- Downtown setback requirements are a disincentive to build housing; height bonus doesn't work due to wood frame construction restrictions.
- Why do we want market-rate housing?
 - Some recycling needed, housing wears out
 - Responsibilities to state, regional needs
 - Higher vacancy rate eases demand for housing
 - Santa Monica already pretty dense - do not want much intensification of land uses.
 - Deterioration not necessarily a function of age; maintenance also important factor
 - City should not be a "jungle" of dense housing; need to balance "quality of life" issues.
 - Rent control has impaired maintenance; many owners are not making a profit; some buildings will be refurbished with FEMA/SBA
 - OK to increase allowable density for projects containing small units.
- Tandem parking works for families
- Granny units - What does State law require? What does City allow? Should City reconsider?
- Need housing opportunities for families and seniors.
- Demographics - changing needs - more families, seniors who are inadvertently zoned out of city

- Community input important - don't increase site review thresholds
- EIR's should use threshold for examining effect of commercial development on housing
- Schedule A.R.B. review closer to planning review
- No reason apartments and condos should have different review processes
- Longer processes increase costs
- There should be threshold below which condos don't require C.U.P.
- Impact of parking in commercial areas spilling over to residential. Require employees to park elsewhere (e.g. off-site w/ shuttle)

8/9/95 meeting

- Impacts of apartments and condos the same - why separate review processes? Discretionary review should be based upon size/square footage, not whether it's an apartment or condo project.
- City timeframes for condominiums are actually longer than 3 months / experience has been 1+ year to get through process and costs range around \$50,000 (this has been true for 4 & 5 units or 20 unit projects)
- Why do appeals go to City Council as opposed to staff or administrative process or judicial process? Is it possible to change appeal procedures?
- City Council over-involved in certain development review decisions
- Extent of discretionary review should be tied to level of community interest. Where community interest is low, less discretion should be exercised.
- Private sector develops housing for profit and needs clearer rules; public review results in too much uncertainty. This discourages development.
- Need to develop housing for more than profit. Developers should also develop housing to meet community needs. In fact, there has been non-profit housing built in this community in addition to that built by CCSM.
- City should spell out what kind of standards it wants in its housing element, in order to make rules clearer for development community.

- Must encourage very large multi-family housing for large families
- Family housing issue should be flagged for community to be addressed in integrated context i.e. schools, recreation, day care, social services.
- Citing of special needs housing should be carefully re-examined, it has been overly driven by financial considerations
- Does city want to maintain same proportion of housing for special needs groups (elderly; handicapped) - city to purchase/rehabilitate
- Reduce parking for 3-4 bedroom units
- Reduce school tax for family housing
- What kind of City do we want? Don't want lots of high-rise developments with clogged streets. Want parks, open space.
- City should embrace its diversity and its special needs populations
- "Fair Share" should include needs for special needs groups, i.e. homeless
- Need to coordinate with school district and other agencies re: need for family housing

8/9/95 meeting

- Does City allow group homes of any kind?
- Certain types of recovery issues with special needs population groups could be better addressed (i.e. people's recovery enhanced) in group homes

HOUSING AFFORDABILITY

- Loss of housing affordable to very low income households a serious problem - very high need/demand for very low income housing
- Very low income households cannot compete for market housing
- Vacancy de-control already causing land speculation. City needs to acquire property now.

- In-lieu fees only part of the equation. Also need property and land which are scarce and expensive
- Need life cycle planning for housing stock
- New affordable housing should maximize subsidies for needs of low income ~~households~~ currently in rent controlled units

8/9/95 meeting

- How does L.A. County's household income breakdown compare to City's? Santa Monica over-represented by "upper" and "very low" income households.
- People on fixed incomes are less mobile than middle-income people. More mobile groups will be more affected by vacancy de-control.
- Need to focus on needs of moderate income households. Need to create attractive moderate income housing opportunities, with more parks and open space
- Moderate income households are not being served in the City
- Should not waive fees for affordable housing when "moderate income" rent thresholds are higher than market rate
- More accurate predictions of household income should be used
- In Santa Monica, the wealthy will squeeze out the middle. Strong market for moderate income households in Santa Monica
- City's definition of affordable housing is misleading and unclear for lay person. Needs to be simplified for Housing Element

PRESERVATION, IMPROVEMENT AND DEVELOPMENT

8/5/95 meeting

- Ordinance 1615 helps preserve existing affordable housing and direct new housing to vacant and non residential sites. Strikes a balance between preservation and new development
- City should help developers use municipal bond market. Would create strong incentive to build housing

Appendix B:
1995 Santa Monica
Apartment Tenants Survey

APPENDIX B. 1995 SANTA MONICA APARTMENT TENANTS SURVEY

OVERVIEW AND SUMMARY OF KEY RESULTS FROM THE 1995 SANTA MONICA APARTMENT TENANTS SURVEY

The 1995 Santa Monica Apartment Tenant Survey was undertaken by Hamilton, Rabinovitz & Alschuler, Inc. (HR&A), at the City's request, in order to help fill certain data gaps in the 1990 census, and to provide a basis for making preliminary estimates of the effects of the Costa-Hawkins Rental Housing Act. An HR&A memorandum in the Technical Appendix presents a complete discussion of the survey methodology and presents detailed survey results. The following is a summary of the information contained in that memorandum.

SURVEY METHODOLOGY

The 1995 Santa Monica Apartment Tenants Survey was conducted through telephone interviews. The survey questionnaire sought responses to a variety of questions about the respondent's apartment unit and building, length of residency and previous residential relocation patterns, rent levels and other monthly housing costs, perceptions of apartment unit and building maintenance and quality, and general household demographics. The survey was conducted using random-digit dialing, and includes sub-samples for each of three geographic areas of the City (i.e., north of Wilshire Boulevard, between Pico Boulevard and Wilshire, and south of Pico), and for both rent-controlled and uncontrolled apartments. In all, 633 completed responses were obtained. The survey's margin of error for categorical variables for the controlled rental stock as a whole is no more than +/- 4% at the 95% confidence level.

When appropriate, the results of the 1995 survey are compared with the responses of rent-controlled apartment tenants to another survey of renters completed in 1987,¹ and with West Los Angeles respondents to a survey that HR&A conducted in 1993 of tenants residing in rent-stabilized apartments throughout the City of Los Angeles.²

¹ See, The Planning Group, *The Impacts of Rent Control on Santa Monica Tenants*, prepared for the Santa Monica Rent Control Board, September, 1987. (Hereinafter referred to as the "1987 survey") As will be discussed in another section of this memo, the results of the 1987 survey as reported in this memo refer to HR&A's re-analysis of data from the 1987 survey, which included respondents residing in uncontrolled apartments and other forms of rental housing.

² See, Hamilton, Rabinovitz & Alschuler, Inc., *The 1994 Los Angeles Rental Housing Study: Technical Report on Issues and Policy Options*, prepared for the Los Angeles Housing Department, December, 1994. The Los Angeles system of "rent stabilization" (Ordinance 152,120, adopted (continued...))

SUMMARY OF SURVEY RESULTS

The following sections present, in summary form, the key results of the survey in terms of housing market characteristics, tenant demographic characteristics, and rents and rent burden. The survey questionnaire and the weighted frequency responses to each question appear at the end of this summary.

A. Characteristics of the Housing Market

- *Rent-Controlled Apartments are the Dominant Form of Housing in Santa Monica.* There are about 28,200 rent-controlled apartments in Santa Monica, which are about six of every ten dwelling units of all types (i.e., owned and rented). There are another 2,200 uncontrolled apartments. About half of the uncontrolled units are in buildings constructed after rent control was enacted in Santa Monica in 1979. The other half are in owner-occupied duplexes and triplexes that have been granted exemptions from rent control because an owner resides on the premises. Rent-controlled units account for a significantly higher proportion of both the general rental stock in Santa Monica and the total housing stock, than in West Los Angeles.
- *Rent-Controlled Apartments are Generally Smaller Than Uncontrolled Apartments.* The average controlled rental unit consists of three rooms, with one bedroom and a full bathroom. This profile is consistent across the three subareas of the City. Uncontrolled units, on the other hand, are larger by all measures. About two-thirds have four or more rooms; two-thirds have at least two bedrooms; and a larger share than in the controlled stock have at least two bathrooms.
- *Although Most Tenants in Rent-Controlled Units are Generally Satisfied With the Upkeep of Their Housing, They Are Dissatisfied With Security Measures.* Tenants in rent-controlled units cite relatively few instances of poor housing quality, with the exception of concerns about inadequate building and garage security. About half rate quality of maintenance as excellent or good, another one-quarter rate it as fair, the remaining 18 percent rate it as poor, and these distributions are generally consistent across geographic areas. In 1995, only about one in ten stated that maintenance had deteriorated since they moved into their unit, with a somewhat higher proportion holding this view in the North of Wilshire part of the City, and

² (...continued)

in 1979) differs from Santa Monica's system of rent control in many ways. Among the most significant differences are that the Los Angeles system allows rent increases at market-determined rates on vacation of the unit, and either a flat 7% per year rent increase (1978-1984) or an annual rent increase equal to the full change in the Consumer Price Index (CPI) during the preceding year (after 1984). Santa Monica permits a limited rent increase pursuant to an annual adjustment approved by the Rent Control Board.

somewhat fewer in the Downtown/Mid-City area. A clear majority (75%) are very or somewhat satisfied with the speed at which repairs are made, and fewer than one in ten has had a major system (e.g., water, toilet, heating) out of service for any significant length of time in the last 90 days. Holes and cracks in walls and ceilings were cited as a problem in about one-quarter of the cases. However, about two-thirds said that building security and garage security were inadequate. Overall, tenants in uncontrolled apartments are more satisfied with the quality of maintenance and the speed of repairs than tenants in rent-controlled buildings, but they expressed very similar degrees of concern about building and garage security.

- *Most of the Damage to the Occupied Apartment Stock from the Northridge Earthquake Has Been at Least Partially Repaired.* Four out of five controlled apartment households reported earthquake damage to their building. About eight percent sustained damage severe enough to cause them to vacate their unit. The pattern of damage varied by proximity to the north-trending fault line through the City (i.e., more serious damage was sustained north of Wilshire; least damage south of Pico). Of those whose buildings sustained damage, just over half stated that the damage has been completely repaired, but in more than one in ten cases (15%), survey respondents stated that no repair work had been started almost two years after the earthquake. This pattern of responses is generally consistent across the City. Among uncontrolled apartment buildings, however, about seven in ten respondents whose buildings sustained damage reported that their buildings had been completely repaired, and only about two percent indicated that no repairs had been made.

B. Tenant Demographic Characteristics

- *Household Size in Rent-Controlled Units Remains Very Small.* Overall, households in controlled apartments consist primarily (82%) of one- and two-persons, and about half consist of only one person. This has not changed since 1987. In 1995, the Downtown/Mid-City subarea has a much higher proportion of larger households (26%) than either the north or south sides of the City (about 13% and 18%, respectively). About two in ten households have school-age children, and a similar proportion has a member who is a senior (62+ years old). The Downtown/Mid-City subarea has the largest proportion of school-age children and seniors. The median age of the household "head" is 41 years. About three-quarters of households with more than one person are related by marriage, birth or adoption, and this situation also has not changed since 1987. About one in five households contains a member who is enrolled in a college or university. There is a disabled person in about five percent of rent-controlled households. The incidence of "overcrowding" (i.e., more than one person per room, according to the definition employed by the U.S. Census Bureau) is very low in Santa Monica's controlled apartment stock (about 6% of all households in controlled units).

Households in uncontrolled apartments tend to be larger, have about the same proportion with children, but have a lower proportion of seniors, younger household heads, a much higher proportion with members in college or university, and about the same proportion with a member who is disabled.

- *Average Incomes of Households in Rent-Controlled Units are Significantly Lower than Households in Uncontrolled Units and Below Those of Tenants in Rent-Stabilized Units in West Los Angeles.* Median household income for tenants in rent-controlled units is \$27,500, compared with a median of \$42,500 in non-controlled rental units. In West Los Angeles in 1992, the median income for households in rent-stabilized units was \$32,500. Adjusting for inflation, there has been a decline in real median income among households in controlled units between 1986 (\$30,623 in 1994 \$) and 1994 (\$27,500).

One-third of households in rent-controlled units meet the Federal government's definition of "very low-income," one in five is "low-income," one in five is "moderate-income," and about one-quarter are "upper-income." There is some variation in this distribution by area of the City. The area north of Wilshire has the lowest proportion of very low-income households and the largest share of upper-income households (both 30%), while the Downtown/Mid-City area has a larger share of very low-income households (38%) and a smaller share of upper-income households (18%). Measured in inflation-adjusted 1994 dollars, and using the U.S. Department of Housing and Urban Development's income thresholds and affordable rent thresholds for 1994, a larger share of tenants in rent-controlled units are "lower-income" today than when this characteristic was measured in 1987 (53% vs. 35%).

About two-thirds of households in controlled units have at least one member who works full-time, and about one-quarter have someone who works part-time. One-quarter have a member who is unemployed. About one in five households receives income from a government program, including a high of 27 percent north of Wilshire, compared with 15 percent in the other two areas, but this correlates with a large share of seniors and probably reflects a relatively high proportion receiving Social Security.

Households in uncontrolled units have much higher median incomes (\$42,500), a much lower proportion of "very low-income" households and a much higher proportion of upper-income households, a larger proportion with a member who works full-time, a lower share with an unemployed member, and about the same proportion receiving government aid as those in controlled units.

- *Households in Rent-Controlled Units Remain in Place Much Longer Than Those in Uncontrolled Units.* Overall, about three-quarters of tenants in controlled units reported moving at least once since 1979, with nearly 10 percent indicating nine or more moves over this period. The average length-of-stay in a controlled unit was five years, with somewhat longer stays north of Wilshire (six years) and somewhat

shorter stays in the other two areas (4.2 to 4.6 years). Among the group who have remained in place for nine or more years, the median stay is 17 years, and this is consistent across the City. In contrast, tenants in uncontrolled units have dramatically shorter average lengths of stay in their units at 1.5 years.

- *There is Some Variation in Hispanic Ancestry and Racial/Ethnic Composition Between Controlled and Uncontrolled Apartment Tenants.* One in ten respondents identified him/herself as being of Hispanic/Spanish ancestry, but there was substantial variation by area of the City (a high of 17% in Downtown/Mid-City; a low of 3% north of Wilshire). In 1987, about six percent of respondents identified themselves as Hispanic, but the question was posed somewhat differently and it is uncertain how much of the difference is attributable to this fact. Counting those from the Middle East as “white,” about nine in ten respondents in rent-controlled units are white. The Downtown/Mid-City area has the largest incidence of minority representation among the respondents. In West Los Angeles in 1993, about three-quarters of the respondents in rent-stabilized units identified themselves as white.

Households in uncontrolled Santa Monica units in 1995 were just as likely to be of Hispanic origin as those in controlled units, but were more likely to be a racial minority household, particularly Asian (16% compared with 6% in the controlled stock).

C. Rents and Rent Burden

- *There are Significant Differences in Average Rent and “Rent Burden” Between Controlled and Uncontrolled Apartments.* Median rent for controlled units was \$600 Citywide, with the highest median rent north of Wilshire (\$652), followed by south of Pico (\$600) and Downtown/Mid-City (\$550). In 1987, the Citywide median for controlled units, adjusted for inflation to 1994, was \$582, indicating very little change in average controlled rent between survey years. The monthly cost for utilities in Santa Monica is estimated to be in the \$40-\$50 range. Just over half (55%) of rent-controlled households have rent-to-income ratios (or “rent burden”) below the 30% threshold which the Federal government defines as “affordable.” Conversely, even with rent control, just under half (45%) are paying “unaffordable” rents costing more than 30% of their household’s monthly income, and this pattern is generally consistent across geographies. This general pattern was about the same in 1987. In West Los Angeles in 1993, a slightly higher proportion (48%) of rent-stabilized households were paying “unaffordable” rents.

Tenants occupying rent controlled units receive economic benefits to the extent that the rents for controlled units are below rents that would be charged in an unregulated rental housing market. Santa Monica tenants in controlled units believe that they are paying, on average, about \$200 below market rent for their unit (i.e., \$800). This judgement is reasonably accurate. Median stabilized rent in West Los

Angeles was \$765 in 1993 and median advertised market rent was \$800. Using a regression model that controls for variations in unit and building characteristics, duration of occupancy and other factors, HR&A estimates that the average market-wide benefit that tenants in controlled units are receiving from rent control in Santa Monica is a somewhat higher \$280 per month. In contrast, HR&A estimated in 1994 that tenants in West Los Angeles were receiving, on average, a benefit of only about \$5 per month under the combination of that city's system of rent-stabilization and the condition of the rental housing market.

In return for below-market rents, it is thought that tenants in Santa Monica's rent-controlled apartments are more often required to pay for their own improvements than elsewhere. But, overall, just over one-quarter (28%) of tenants in rent-controlled units pay out-of-pocket for carpet replacement, about four in ten pay for drapes/window covering, and about four in ten pay to have their unit painted. Tenants North of Wilshire pay these costs somewhat more frequently than tenants in other areas, and pay more for them.

Households in uncontrolled units, on average, pay much more in rent (median of \$1,100), pay more for utilities (\$60 per month), paid higher annual rent increases during the previous year (\$25 versus \$14), and pay a higher proportion of their income for rent (a somewhat "unaffordable" 37% versus 28% for households in rent-controlled units). Tenants in these units believe they are paying a premium to live in Santa Monica, in that a comparable unit in West Los Angeles would rent for about \$150 less, they believe, than what they are now paying per month. These tenants are also much less likely to pay out-of-pocket costs for unit improvements.

- *A Large Majority of Apartment Tenants are Familiar With the Costa-Hawkins Rental Housing Act, But There are Notable Information Gaps.* Large majorities (64%-79%) of households residing in rent-controlled units in all areas stated that they were generally familiar with this new law. About one in ten indicated awareness, but a lack of understanding. Downtown/Mid-City was the area with the largest share who had never heard of it (23%), and nearly half of households who identified themselves as being of Hispanic origin stated that they had never heard of it. Even so, this relatively high level of awareness does not appear to be affecting tenants' plans about whether to move or stay, in the majority of cases. But, there is some variability by location: it appears to be affecting decisions for tenants in the Downtown/Mid-City and south of Pico areas more so than for those north of Wilshire. A much smaller proportion of households in uncontrolled units are generally familiar with the law (48%), a higher proportion have heard of it, but don't understand it (18%), and a much higher proportion have never heard of it (35%).

1995 SANTA MONICA TENANTS SURVEY

Hello, my name is _____ from Decision Sciences. We are conducting a survey of Santa Monica tenants for the City of Santa Monica Planning & Community Development Department and the Rent Control Board. Your participation in the survey is very important. The information you provide will be kept strictly confidential.

(ENTER 1 IF RESPONDENT HAS NO QUESTIONS)

IF RESPONDENT ASKS "WHAT IS THIS ABOUT?"

"It's about the housing needs of renters in Santa Monica."

IF RESPONDENT ASKS "HOW LONG WILL THIS TAKE?"

"About 20 to 30 minutes."

IF RESPONDENT ASKS "HOW DID YOU GET MY PHONE NUMBER?"

"Your phone number was randomly selected from a list of all telephone numbers in Santa Monica."

IF RESPONDENT ASKS "WILL ANYONE KNOW I ANSWERED YOUR QUESTIONS?"

"Any information you provide to us will be kept in the strictest confidence and no information will be released that would make it possible to identify your individual responses. Your answers to the survey questions will be grouped together with the answers from all of the other participants in the survey."

IF RESPONDENT SOUNDS LIKE A TEENAGER OR CHILD

"What is your age please?"

IF RESPONDENT IS UNDER 18

"May I please speak with one of your parents or another adult in the household?"

IF RESPONDENT WANTS CONTACT PERSON IN CITY OF SANTA MONICA

"Please call TAD READ in the Santa Monica Planning & Community Development Dept. at (310) 458-8585, or CASS BEN-LEVI at the Santa Monica Rent Control Board at (310) 458-8751."

A) The first thing I need to know is, do you live in the residence you are talking from on a regular basis, or are you just visiting or temporarily occupying the unit?

1 Live in unit

2 Just visiting ==> "May I please speak to an adult occupant of this unit?"

7 Refused ==> Thank and terminate.

8 Don't know ==> "May I please speak to an adult occupant of this unit?"

(If no adult occupant is available, determine a good time to call, say "Thank you for your help," and call back at better time.)

B) Do you rent the place where you live?

1 Yes

2 No ==> Thank and terminate.

8 Don't know ==> "May I please speak to another adult occupant of this unit?"

(If no adult occupant is available, determine a good time to call, say "Thank you for your help," and call back at better time.)

C) Do you live in the City of Santa Monica?

1 Yes

2 No ==> "Where do you live? In what community?"

What is your zip code?

(Check response with community name list.

(If on list, code response as yes.) "That area is included in our study."

(If not on list or in unincorporated area of county, terminate interview.

"Thank you for your help, but today we are only talking to people who live in Santa Monica. Good-bye."

8 Don't know ==> "May I please speak to another adult occupant of this unit?"

(If no adult occupant is available, determine a good time to call, say "Thank you for your help," and call back at better time.)

D) Do you live in a building with two or more housing units, or do you live on a lot containing two or more single-family homes (for example, cottages around a common garden courtyard)? (All detached single-family homes and mobile homes/trailers should be excluded from the survey.)

1 Yes

2 No ==> Thank and terminate

8 Don't know ==> "May I please speak to another adult occupant of this unit?"

(If no adult occupant is available, determine a good time to call, say "Thank you for your help," and call back at better time.)

E) Do you live in a condominium, motel or hotel?

1 Yes ==> Thank and terminate.

2 No

8 Don't know ==> Thank and terminate.

(If respondent states that the building was converted to a condo under the city's tenant ownership rights charter amendment (TORCA) program:)

- 1 Owner ==> Thank and terminate.
- 2 Renter

F) Do you live in public housing, or do you or your landlord receive payments from the government to lower the rent you pay?

- 1 Yes ==> Thank and terminate.
- 2 No

8 Don't know ==> Ask to speak to household member most familiar with rental arrangements.

G) Is your unit covered by the City of Santa Monica's rent control law at this time?

- 1 Yes ==> Go to question 1.
- 2 No

8 Don't know

"We would like to establish if possible why your place isn't covered by the City of Santa Monica's rent control law."

H) Is your unit exempt from rent control because it is located in a relatively new building - one that was built after 1979?

- 1 Yes
- 2 No

8 Don't know

"We would like to establish whether your place is or is not covered by Santa Monica's rent control law. Do you think your building was built after 1979?"

- 1 Yes
- 2 No

8 Don't know

I) Is your unit exempt from rent control because it is part of a two-unit or three-unit building where the owner also lives?

- 1 Yes ==> Thank and terminate.
- 2 No

8 Don't know

J) Is your unit exempt because it is owned or operated by a non-profit agency (e.g., Community Corporation of Santa Monica) or government agency, or because you receive a government rent subsidy?

- 1 Yes ==> Thank and terminate.
- 2 No

8 Don't know

K) Is your unit exempt for other reasons?

(Probe to determine other reasons for exemption from rent control.)

- 1 Yes ==> Enter reason _____

Thank and terminate.

2 No

8 Don't know ==> Thank and terminate.

SURVEY QUESTIONS

>001< Now I'd like to ask you how satisfied you are with certain features of your housing situation. For each one, please tell me if you are very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied.

What about... The size of your unit or apartment?

- <1> Very satisfied
- <2> Somewhat satisfied
- <3> Somewhat dissatisfied
- <4> Very dissatisfied
- <5> Don't know

Answer ==>

>002< How would you describe the current quality of maintenance in your building. Would you say it is excellent, good, fair, or poor?

- <1> Excellent
- <2> Good
- <3> Fair
- <4> Poor
- <5> Don't know

Answer ==>

>003< How would you describe the speed with which things are repaired? Would you say you are very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied?

- <1> Very satisfied
- <2> Somewhat satisfied
- <3> Somewhat dissatisfied
- <4> Very dissatisfied
- <5> Don't know

Answer ==>

>004< Turning to the condition of your neighborhood, do you find any of the following conditions that I am about to describe in your neighborhood?

Boarded up or abandoned buildings?

- <1> Yes
- <2> No
- <5> Don't know

Answer ==>

>005< Open ditches, trash, litter, or junk in the streets?

- <1> Yes
- <2> No
- <5> Don't know

Answer ==>

>006< How would you rate your neighborhood overall as a place to live? Would you say it is excellent, good, fair, or poor?

- <1> Excellent
- <2> Good
- <3> Fair
- <4> Poor
- <5> Don't know

Answer ==>

>007< Does the owner of your building live in your building or on the property?

- <1> Yes
- <2> No
- <5> Don't know

Answer ==>

>008< About how many years old is the building you live in?

- <1> 15-25 Years (1970s)
- <2> 26-35 Years (1960s)
- <3> 36-45 Years (1950s)
- <4> 46-55 Years (1940s)
- <5> 56 or more years (before 1940)
- <6> Don't know

Answer ==>

>009< How is the building managed? Is it managed by an owner or renter who lives on the property, by an owner or other individual who lives elsewhere, or by a management company?

- <1> Resident owner or tenant residing on-site
- <2> Non-resident owner or other individual
- <3> Management company
- <5> Don't know

Answer ==>

>010< How many rooms are there in your place, not counting bathrooms, hallways, foyers, porches, or balconies?

<0-1000>

<5> Don't know

Answer ==>

>011< How many bedrooms does your unit have? Include dens, studies, or similar rooms that may have been used, or could be used, for bedrooms.

<0> No separate bedroom - a studio apartment, bachelor apartment or "single"

<1> One bedroom

<2> Two bedrooms

<3> Three bedrooms

<4> Four bedrooms

<5> Five or more bedrooms

<6> Don't know

Answer ==>

>012< How many complete bathrooms does your unit have? (A complete bathroom has a flush toilet, washbasin, and a bathtub or shower.)

<0> No bathroom in the unit (does not have hot and cold piped water, a flush toilet or a bathtub or shower)

<1> A half-bath only (toilet and washbasin, but no tub or shower)

<2> One complete bathroom

<3> Two complete bathrooms

<4> More than two complete bathrooms

<5> Don't know

Answer ==>

>013< What is the main type of heating equipment in your residence? (Read list)

<1> Gas or electric central heating (ducts from heater lead to more than 1 room)

<2> Built-in room heaters that heat a single room

<3> Fireplace, stove, or portable room heaters

<4> No heating equipment

<5> Don't know

Answer ==>

>014< Excluding any repair work related to the January 17, 1994 Northridge earthquake, in the last 90 days, were you without the following utilities in usable order for 6 hours or more?

Running water?

<1> Yes

<2> No

<5> Don't know

Answer ==>

>015< Toilet?

<1> Yes

<2> No

<5> Don't know

Answer ==>

>016< Heat?

<1> Yes

<2> No

<5> Don't know

Answer ==>

>017< Excluding any damage that may have resulted from the January, 1994 Northridge earthquake, does your place have open cracks or holes or broken plaster in the interior walls or ceiling (do not count hairline cracks or other cosmetic flaws)?

<1> Yes

<2> No

<5> Don't know

Answer ==>

>018< Does your place have large holes in the floors?

<1> Yes

<2> No

<5> Don't know

Answer ==>

>019< Is all the electrical wiring concealed in the walls or by metal covering?
(Do not count extension or appliance cords plugged into electrical outlets.)

<1> Yes

<2> No

<5> Don't know

Answer ==>

>020< Have you seen any sign of rats or mice within the last 90 days?

<1> Yes

<2> No

<5> Don't know

Answer ==>

>021< Do you feel that your building has adequate security to prevent strangers from entering the building?

<1> Yes

<2> No

<5> Don't know

Answer ==>

>022< Do you feel that your building has adequate security to prevent strangers from entering the garage?

<1> Yes

<2> No

<5> Don't know

Answer ==>

>023< Are the lighting fixtures in the common halls or other common areas in your building in working order?

<1> Yes

<2> No

<3> Some are not

<4> There are no such fixtures

<5> Don't know

Answer ==>

>024< Are there loose, broken, or missing steps on any common stairways inside the building or attached to this building?

- <1> Yes
- <2> No
- <3> There are no stairways
- <5> Don't know

Answer ===>

>025< Are your kitchen stove, sink, and refrigerator in good working order?

- <1> Yes
- <2> No (at least one item is not in good working order)
- <3> No kitchen appliances
- <5> Don't know

Answer ===>

>026< Since you first moved in, has the quality of building maintenance improved, remained the same, or declined?

- <1> Improved
- <2> Remained the same
- <3> Declined
- <5> Don't know

Answer ===>

>027< When a fixture that was part of the unit when you rented it breaks, such as a toilet, sink, or disposal, do you usually pay for the repair or does the landlord usually pay for the repair?

- <1> Tenant usually pays
- <2> Landlord usually pays
- <3> Both tenant and landlord pay
- <5> Don't know

Answer ===>

>028< Do you regularly improve or maintain your unit by doing any of the following:

Pay for cleaning or replacement of the carpet?

- <1> Yes
- <2> No [goto s028].
- <5> Don't know [goto s028]

Answer ===>

>028b< What is the average amount you pay per year for cleaning or replacement of the carpet?

<0-2000> Dollars

<5> Don't know

Answer ==>

>s028<

>029< Pay for cleaning or replacement of the drapes?

<1> Yes

<2> No [goto s029]

<5> Don't know [goto s029]

Answer ==>

>029b< What is the average amount you pay per year for cleaning or replacement of the drapes?

<0-2000> Dollars

<5> Don't know

Answer ==>

>s029<

>030< Pay for someone else to repaint the walls or ceiling, or pay for and do the painting yourself?

<1> Yes

<2> No [goto s030]

<5> Don't know [goto s030]

Answer ==>

>030b< What is the average amount you pay per year?

<0-2000> Dollars

<5> Don't know

Answer ==>

>s030<

>031< Did your building experience any damage as a result of the January 17, 1994 Northridge earthquake? Did it experience no damage, minor damage, moderate damage or severe damage?

- <1> No damage that you noticed [goto s032]
- <2> Minor damage (for example, minor cracks in walls or paving, broken windows)
- <3> Moderate damage (more than minor damage, but not so bad you had to move out)
- <4> Major damage that caused you to move out of the building while it was repaired.
- <5> Don't know [goto s032]

Answer ==>

>032< Considering all earthquake damage to the building you know about, has the damage to the building gone unrepaired, has it been partially repaired, or has it been completely repaired?

- <1> Not repaired at all [goto s032]
- <2> Partially repaired
- <3> Completely or mostly repaired
- <5> Don't know [goto s032]

Answer ==>

>032b Now that the earthquake repairs are either partially or completely finished, is the general condition of the building (for example, appearance, maintenance) better, worse, or about the same as before the earthquake?

- <1> Better condition since the earthquake
- <2> Worse condition
- <3> About the same
- <5> Don't know

Answer ==>

>s032<

>033< How much do you pay in a typical month for all of the utilities you pay for (for example, electricity and/or gas service)? If you are billed every other month, please be sure to give us only half the amount you are usually billed.

- <0-2000> Dollars
- <2> Included in rent/landlord pays
- <5> Don't know

Answer ==>

>034< The next few questions are about the cost of housing for your household.
(Emphasize confidentiality of answers if respondent expresses concern about questions)

First, how much does your household pay in rent on a monthly basis?
(Be sure to get total unit rent & not just one roommate's share. Probe to obtain monthly rent if respondent indicates that rent is paid on other periodic basis.)

<0-5000> Dollars

<5> Don't know

Answer ==>

>035< How much of the rent covers pass-through charges for the Rent Control Board's annual registration fee, the School District and College District tax, and other similar special charges?

<0-5000> Dollars

<5> Don't know

Answer ==>

>036< How much of the rent covers the cost of storage, furnishings, art, appliances, or other features (except parking) of the unit or building that your landlord charges you for?

<0-5000> Dollars

<2> No charge for such things

<5> Don't know

Answer ==>

>037< How much of the rent covers the cost of parking?

<0-5000> Dollars

<2> No charge for parking

<5> Don't know

Answer ==>

>038< Do you think that without rent control your rent would be higher, lower, or about the same as it is now?

<1> Higher

<2> Lower

<3> Same

<5> Don't know

Answer ==>

>039< How much per month do you think your place would rent for today if there was no rent control in Santa Monica? (Probe for best estimate.)

<0-5000> Dollars

<5> Don't know

Answer ==>

>040< How much do you feel you could pay in rent before you would have to give up your current place and move elsewhere?

<0-5000> Dollars

<5> Don't know

Answer ==>

>041< When did you move into your current place?

<00> Month

<0000> Year

<5> Don't know

Answer ==>

>042< Did anyone in your household already live in the unit when you moved in?

<1> Yes

<2> No

<5> Don't know

Answer ==>

>043< When did this person first move in?

<00> Month

<0000> Year

<5> Don't know

Answer ==>

>044< How much of a "finder's fee" or "key money" did you have to pay a real estate agent, apartment finder, or another company or person to find this unit?

<0-2000> Dollars

<2> Did not pay finder's fee / no agent or company

<5> Don't know

Answer ==>

>045< What was the total monthly rent when you first moved into your current unit?

<0-5000> Dollars

<5> Don't know

Answer ==>

>046< Did your landlord increase or decrease the monthly rent for the unit in the past year?

<1> Yes, increased

<2> Yes, decreased

<3> No [goto s046]

<5> Don't know

Answer ==>

>046b< What is the amount the rent was increased/decreased?

<0-2000> Dollars

<5> Don't know

Answer ==>

>s046<

>047< When was the rent for the unit last raised?

<00> Month

<0000> Year

<3> Never had a raise

<5> Don't know

Answer ==>

>048< How often has your landlord increased rent for the unit in the last three years? (Read list. If respondent has lived in unit more than 1 but less than 3 years, ask "How often has your rent been increased since you moved in?")

<1> Once per year

<2> More than once per year

<3> Less than once per year

<4> Never

<5> Have lived here less than one year

<6> Don't know

Answer ==>

>049< Since you have been renting your unit, have you ever filed a petition to the Rent Control Board for a rent decrease due to poor maintenance?

- <1> Yes
- <2> No [goto s049]
- <5> Don't know [goto s049]

Answer ==>

>049b< Which of the following circumstances best describes what happened after the rent reduction petition was filed with the Rent Control Board: (Read list, select only one)

- <1> My landlord fixed the problem before the petition was acted on by the rent board.
- <2> The petition was denied by the rent board.
- <3> The petition was granted by the rent board, my landlord fixed the problem, and then my rent was increased back to the pre-petition level.
- <4> The petition was granted by the rent board, my landlord fixed the problem, but did not raise my rent back to the pre-petition level.
- <5> The petition was granted by the rent board, but my landlord has never fixed the problem.
- <6> Other (specify): _____
- <7> Don't know

Answer ==>

>s049<

>050< Excluding any repairs related to the Northridge earthquake, has the landlord made any major improvements to your building, such as a new roof or replacing the plumbing in your building since you moved in? (A major improvement is something done to the entire building not individual units. Examples: painting entire building, new flooring for entire building, new plumbing for the entire building.)

- <1> Yes
- <2> No [goto s050]
- <5> Don't know [goto s050]

Answer ==>

>050b< Did the landlord raise your rent or add new charges to your rent bill because of these improvements?

- <1> Yes
- <2> No
- <5> Don't know

Answer ==>

>s050<

>051< Finally, for statistical purposes, we need to know a few things about your household.

How many people regularly reside in your household?

- <1> One person only [goto s058]
- <2> Two people

- <3> Three people
- <4> Four people
- <5> Five or more people
- <6> Don't know

Answer ==>

>052< Including yourself, how many of the people living in your household are under the age of 18? (Exclude persons absent on military duty and living away from home at college, etc.)

- <1> One
- <2> Two
- <3> Three
- <4> Four
- <5> Five or more
- <6> None
- <7> Don't know

Answer ==>

>053< Including yourself, how many of the people living in your household are between the ages of 18 and 61? (Exclude persons absent on military duty and living away from home at college, etc.)

- <1> One
- <2> Two
- <3> Three
- <4> Four
- <5> Five or more
- <6> None
- <7> Don't know

Answer ==>

>054< Including yourself, how many of the people living in your household are 62 and older? (Exclude persons absent on military duty and living away from home at college, etc.)

- <1> One
- <2> Two
- <3> Three
- <4> Four
- <5> Five or more
- <6> None

- <7> Don't know

Answer ==>

>055< Are all members of your household related to each other by marriage, birth or adoption?

- <1> Yes
- <2> No
- <5> Don't know

Answer ==>

>056< How many families reside in your unit? (Examples of a "family": married or unmarried couples with or without children, single parents with one or more children.)

- <0> One person only, or all household members are unrelated individuals
- <1> 1 Family
- <2> 2 Families
- <3> 3 Families
- <4> 4 or more families

- <5> Don't know

Answer ==>

>057< What is the gender of the person you consider to be the head of the household in your unit?

- <1> Male
- <2> Female
- <3> No head of household; equal partners

- <5> Don't know

Answer ==>

>058< How old is the head of household? (If 057 answer = no head of household, ask for age of oldest household "head.")

<0-100>

<5> Don't know

Answer ===>

>s058<

>059< What is your age?

<0-100>

<5> Don't know

Answer ===>

>060< How long did you live at your previous residence?

<00> Month

<0000> Year

<5> Don't know

Answer ===>

>061< Since 1979, how many times have you moved from one residence to another residence?

<0-50>

<2> Have not moved since 1979 [goto s061]

<5> Don't know

Answer ===>

>061b< How many of these moves were from one residence in Santa Monica to another residence in Santa Monica?

<0-50>

<2> No Santa Monica moves

<5> Don't know

Answer ===>

>s061<

>062< If you moved now, how much do you think you would have to pay for a similar apartment in a comparable area of Los Angeles? (For example, West Los Angeles, Palms, Culver City, Venice, Brentwood, Pacific Palisades.)

<0-5000>

<5> Don't know

Answer ==>

>063< If you were to decide to move in the next few months, what is the most important problem that you would face in finding a new place? (Read list and select one only)

- <1> Finding a vacant place
- <2> Finding a place I can afford
- <3> Finding a place the right size / finding a place with more space
- <4> Finding a safe/safer place to live
- <5> Finding a place in a better neighborhood
- <6> Paying first month, last month, and deposit
- <7> Finding a place close to work
- <8> Other (specify): _____
- <9> I would not expect any serious difficulties [goto s063]

<10> Don't know [goto s063]

Answer ==>

>063b< If it weren't for the problem you just identified, would you be planning to move away from your current place soon?

- <1> Yes
- <2> No

<5> Don't know

Answer ==>

>s063<

>064< Are you aware of a new state law that, beginning January 1, 1996, will allow Santa Monica landlords to raise rents up to 15% for a vacant unit, and then eliminates all caps on rent increases for vacant units by 1999? (VACANCY DE-CONTROL BILL, SB___ [COSTA-HAWKINS])

- <1> Yes, generally familiar with the new law
- <2> Yes, heard about it but don't understand it
- <3> No [goto s064]

<5> Don't know [goto s064]

Answer ==>

>064b< Has this new state law altered your plans about moving out of your apartment?

- <1> Yes, will cause me to stay in my unit longer than I'd planned
- <2> No, will not have any effect on my decision about when to move
- <3> Other (specify): _____
- <5> Don't know

Answer ==>

>s064<

>065< Do you consider yourself to be Hispanic or of Spanish ancestry or origin?
(For example, Latino/Latina, Chicano/Chicana, Mexican, Guatemalan, Salvadorian, Nicaraguan, Puerto Rican, Cuban.)

- <1> Yes
- <2> No
- <5> Don't know

Answer ==>

>066< Which of the following groups do you consider yourself a member of?
(Read entire list - code one group only.)

- <1> White (Caucasian)
- <2> African-American (Black, Afro-American, Negro)
- <3> Asian (Chinese, Japanese, Korean, Filipino, Vietnamese, Cambodian, Thai)
- <4> Pacific Islander (Guamian, Samoan, Aleut)
- <5> Native American Indian
- <6> Middle Eastern
- <7> Other group (specify): _____
- <5> Don't know

Answer ==>

>067< Thinking about your household income for the last calendar year
(January 1994 to December 1994) was the total combined household
income from all household members above or below \$25,000?

- <1> Above \$25,000 [goto s067]
- <2> Exactly \$25,000 [goto s067]
- <3> Below \$25,000
- <5> Don't know [goto s067]

Answer ==>

>068< I don't need to know the exact amount, but please stop me when I read the category that includes your total combined household income. Was your annual household income... (Read list; select one.)

- <1> \$0 to 5,000
- <2> \$5,001 TO 10,000
- <3> \$10,001 TO 15,000
- <4> \$15,001 TO 20,000
- <5> \$20,001 TO 25,000

<6> Don't know

Answer ==>

>069< Was the total combined household income from all household members above or below \$50,000?

- <1> Above \$50,000 [goto]
- <2> Exactly \$50,000 [goto]
- <3> Below \$50,000

<5> Don't know

Answer ==>

>070< I don't need to know the exact amount, but please stop me when I read the category that includes your total combined household income. Was your annual household income... (Read list.)

- <1> \$25,001 to 30,000
- <2> \$30,001 to 35,000
- <3> \$35,001 to 40,000
- <4> \$40,001 to 45,000
- <5> \$45,001 to 50,000

<5> Don't know

Answer ==>

>071< Was your total combined household income above or below \$75,000?

- <1> Above \$75,000 [goto]
- <2> Exactly \$75,000 [goto]
- <3> Below \$75,000

<5> Don't know

Answer ==>

>072< I don't need to know the exact amount, but please stop me when I read the category that includes your total combined household income. Was your household income... (Read list.)

- <1> \$50,001 TO 55,000
- <2> \$55,001 TO 60,000
- <3> \$60,001 TO 65,000
- <4> \$65,001 TO 70,000
- <5> \$70,001 TO 74,999

<5> Don't know

Answer ==>

>073< Is your total combined household income above or below \$125,000?

- <1> Above \$125,000 [goto]
- <2> Exactly \$125,000 [goto]
- <3> Below \$125,000

<5> Don't know

Answer ==>

>074< I don't need To know the exact amount, but please stop me when I read the category that includes your combined household income. Was your household income... (Read list.)

- <1> \$75,001 to 85,000
- <2> \$85,001 to 95,000
- <3> \$95,001 to 105,000
- <4> \$105,001 to 115,000
- <5> \$115,001 to 125,000
- <6> More than \$125,000

<7> Don't know

Answer ==>

>075< How many people in your household currently...

Work full-time (35+ hours per week on average throughout the year)?

<0-20>

<5> Don't know

Answer ==>

>075b< Work part-time?

<0-20>

<5> Don't know

Answer ==>

>075c< Are unemployed?

<0-20>

<5> Don't know

Answer ==>

>075d< Are retired?

<0-20>

<5> Don't know

Answer ==>

>075e< Are full-time college students?

<0-20>

<5> Don't know

Answer ==>

>076< How many people in your household are currently enrolled in a college or university full-time or part-time? (Count people taking an extension class or an occasional course as "0.")

<0-20>

<5> Don't know

Answer ==>

>077< How many people in your household work full-time and contribute money to pay the rent?

<0-20>

<5> Don't know

Answer ==>

>078< Does your household receive income from any one of the following programs - social security, veterans benefits, general relief, or AFDC?

<1> Yes

<2> No

<5> Don't know

Answer ==>

>079< Is there a disabled or handicapped person living in your household?

<1> Yes

<2> No [goto s079]

<5> Don't know

Answer ==>

>079b< What kind of disability or handicap does this person have(record verbatim).

<5> Don't know

Answer ==>

>s079<

>080< Does your unit have adequate accessibility modifications to meet the mobility needs of this person? (Examples include room for wheelchairs to navigate, handrails in tubs/showers, accessible door, drawer and cabinet handles.)

<1> Yes

<2> No

<5> Don't know

Answer ==>

>081< We don't need your name or your apartment number, but since this is a study of apartment tenants and buildings, would you tell us the address of your building and your zip code? (Write address and zip code on address write-in sheet)

If address is refused, ask: "As a final statistical check, would you tell us the names of the two streets that cross one another closest to your residence, and your zip code?" (Write cross streets and zip code on address write-in sheet)

If cross street refused, ask: "What is your zip code?" (Write zip code on address write-in sheet)

Answer ==>

That completes our interview.

Thank you very much for your help.

>082< Record last 4 digits of zip code:

9 _____

Answer ==>

>083< Gender of respondent

- <1> Male
- <2> Female

Answer ==>

>084< Language of interview

- <1> English
- <2> Spanish
- <3> Other (specify): _____
- <5> Don't know

Answer ==>

>085< Interviewer code

Answer ==>

>086< Month and day of interview

Answer ==>

>087< Number of call attempts

Answer ==>

>088< Respondent phone number

Answer ==>

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Appendix C:
Inventory of Land Suitable for
Residential Development: 1996 - June 1998

APPENDIX C. INVENTORY OF LAND SUITABLE FOR RESIDENTIAL DEVELOPMENT: 1996 - JUNE 1998

By law, the City is required to provide an inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment. The following summarizes the City's residential site inventory as of mid-1996, and compares with the City's share of regional housing needs for the 1989-1998 period, as defined by SCAG.

1. Vacant Land

Table C-1 documents the current (November 1995) number of vacant parcels and associated acreage in each of the City's residential zones, and calculates the residential development potential on each of these parcels.

The vacant land inventory was compiled based on the following three sources: December 1993 aerial photographs; July 1995 tax assessor's records of vacant parcels; and demolition permits issued between June 1993 (6 months prior to the aerial photographs) and November 1995. A combination of field checks and review of building permit data was conducted to eliminate any parcels where new building had occurred, or was in the process. This site inventory identified a total of 62 vacant residential parcels in the City, comprising 13 acres.

Once the inventory of vacant parcels was confirmed, the parcel size and applicable zoning for each parcel was determined and the maximum number of dwellings allowed on each parcel - not including the State density bonus - were calculated. The results indicate that there is a capacity for 302 additional residential units on vacant, residentially zoned land. The majority (283 units) of this development capacity is on multi-family zoned property, with over one-third of potential units (111 units) occurring on R3 and R4 properties with densities of 35 units/acre and above.

2. Underutilized Sites

In addition to development on vacant land, there also is substantial potential in Santa Monica for residential development on sites that are currently developed at densities below those permitted under zoning. The majority of residential growth has occurred in the City in recent years through "intensification."

Using the City's geographic information system (GIS), City staff calculated the additional units possible on underutilized parcels in multi-family zone districts. More specifically, the GIS program assigns a divisor to each zone based on the allowable density, calculates the allowable units based on parcel size (rounding up at .5 or above), and then calculates the number of potential net new units based upon the difference between existing and allowable units. For all multi-family zones except R2R, the program assigns only one allowable unit

to each parcel under 4,000 square feet; in the R2R zone, all parcels were assigned an allowable density of 2 units/parcel. No density bonus was assumed.

**TABLE C-1
RESIDENTIAL DEVELOPMENT CAPACITY
ON VACANT PARCELS, BY RESIDENTIAL ZONE**

Zone Districts	# Parcels	Sq. Ft.	Acreage	Allowable Density	Potential Units
NWR2 - North of Wilshire Low Density	3	22,492	.52	1,500 sf/unit	15
OP2 - Low Multiple	1	5,933	.14	2,000 sf/unit	3
R1 - Single Family	16	154,935	3.6	1 du/parcel	16
R2 - Low Density Multiple Residential	25	238,837	5.5	1,500 sf/unit	145
R2A - Low Density/ Parking Overlay	1	10,000	.23	1,500 sf/unit	7
R2B - Low Density Beach District	2	7,626	.18	1,500 sf/unit	5
R3 - Medium Density	12	96,530	2.2	1,250 sf/unit	77
R4 - High Density	2	30,780	.7	900 sf/unit	34
TOTAL	62	567,137	13.0		302

Source: City of Santa Monica, Policy and Planning Analysis Division, November 1995.

Note: Excludes vacant parcels with building permits or recent planning approvals for development.

This analysis documents a "theoretical" capacity for 6,032 potential net new units on underdeveloped, multi-family zoned parcels. Table C-1 illustrates how these potential units are distributed among the City's various multi-family zoning districts. By comparison, the City's 1993 Housing Element calculated a theoretical capacity for 7,769 multi-family units on underutilized parcels. The difference in these figures is due primarily to a refinement of the City's GIS database to integrate existing unit data from the City's Rent Control database, rather than using assessor parcel data.

In order to translate this "theoretical" potential for residential recycling into a more realistic potential number of units that are more likely to be developed through recycling, several factors were evaluated by staff. These include: 1) age of existing structure on underutilized parcel; 2) ratio of actual approved densities on underutilized parcels to the maximum permitted density; and 3) ratio of the number of new units to the number of units replaced.

Age of Existing Structure(s)

Parcels developed with older structures tend to be developed at densities that are lower than what currently is allowed by zoning, and in most cases have lower economic value than newer, larger structures. Because of these combined factors, these are parcels most likely to be recycled. As a means of determining a realistic age at which residential buildings in Santa Monica are most likely to be recycled, City staff reviewed over 130 residential projects developed on underutilized parcels in the City between 1989 - 1995. Seventy-six percent of the original buildings on these underutilized parcels were constructed before or during 1941, with nine percent built during the 1940's but after 1941, 14 percent built in the 1950's, and only one percent built after 1959.

Based on this empirical review of projects developed on underutilized parcels in Santa Monica, City staff concluded that parcels developed with units built prior to 1942 are those which are *most likely* to recycle to higher densities as permitted by zoning.

Ratio of Actual Approved Density to Maximum Permitted Density

The analysis of theoretical residential development potential on underutilized parcels assumes each parcel is built to its maximum capacity, excluding the state density bonus. In order to check the validity of this assumption, staff reviewed a cross-section of 45 multi-family development applications proposed on underutilized parcels between 1989 - 1995. The sample includes only approved projects, and reflects a diversity in terms of size (parcel size and number of units), applicable zoning district, and date approved.

The average ratio of the actual approved density of these 45 projects (including approved density bonus units) to the maximum units permitted under zoning (excluding potential density bonus units) is 0.98. That is, development on underutilized parcels is essentially occurring at the maximum permitted density. Because this ratio is so close to 1.0, the City's assumption that each parcel will be built to 100 percent of its capacity holds true under both the theoretical and realistic development scenarios.

Ratio of New to Replaced Units

City staff also evaluated whether there is a minimum threshold ratio of allowable-to-existing units that is an economic pre-requisite to recycling. While a review of projects approved between 1989 - 1995 indicates that the average ratio of new to existing (recycled) units is 3.3 to 1, this ratio merely reflects a typical ratio of new-to-replaced units based upon historical development patterns and existing zoning. In other words, older parcels in the City tend to contain one, two, or three units, and these typically are replaced with five or six units simply because that number is what a typical parcel size of 7,500 square feet under R2 zoning permits. Therefore, while the 3.3 ratio may be typical, it does not necessarily represents a threshold below which recycling does not occur. In fact, the data from the City's historical development records indicate that it was not uncommon for developers to replace two- or three-unit buildings with projects that netted only one or two units.

Summary of Realistic Development Potential on Underutilized Sites

In conclusion, of the three factors evaluated - age, ratio of actual to permitted density, and ratio of new to replaced units - only age appears to be a real consideration in determining whether a parcel will recycle to higher densities. Therefore, in order to refine the City's theoretical buildout analysis to determine a more realistic potential for recycling, the City's GIS system was programmed to only include development potential on underutilized parcels where the existing structure was constructed prior to 1942. This results in a more realistic development potential on underutilized sites of 2,412 units, and represents approximately forty percent of the total theoretical capacity of 6,032 units (refer to **Table C-2**).

TABLE C- 2
POTENTIAL FOR NEW RESIDENTIAL DWELLING UNITS
ON UNDERUTILIZED, MULTI-FAMILY ZONED LAND

Zone	Theoretical Unit Potential	Realistic Unit Potential ¹
NW-R2	375	204
NW-R2A	3	3
NW-R3	134	37
OP-DU	8	6
OP2	718	381
OP2+B	2	1
OP3+B	14	5
OP4	6	5
OP4+B	225	--
R2	3,544	1,382
R2A	22	9
R2B	7	7
R2B+B	201	172
R2R+B	29	26
R3	449	147
R3+B	4	4
R3A	4	4
R3R+B	8	8
R4	279	11
TOTAL	6,032	2,412

¹ Assumes recycling will occur only on parcels on which existing structures were built in 1941 or before.

3. Non-Residential Zones

In addition to the potential for new housing in residential zones, the City permits residential development in all commercial zones.¹ Moreover, in the BCD, BSC, C2, C3, C3C, C4, and C6 districts, the City offers density and height incentives for development of housing. The City's Inclusionary Housing Program (Ordinance #1615) allows payment of in-lieu fees to fulfill low income unit requirements where there is no loss of existing affordable housing, thereby providing an additional incentive for residential development in commercial areas. Residential development standards in commercial zones and special incentives for housing are described in detail in Section III - Potential Constraints on Housing Production and Conservation.

The City has been successful in encouraging residential development in its commercial zones, both as free-standing multi-family developments and as mixed use projects integrated with commercial and/or office uses. Review of certificates of occupancy records indicate that over the previous Housing Element cycle (July 1989 - March 1996), a total of 255 multi-family units were completed in commercial zones. Of these, three projects totaling 125 units are 100% affordable to low and moderate income (100% of median) households. Projecting this same rate of residential development activity in the City's commercial zones (36 units/year) during the remaining 2 years of this Housing Element cycle (7/96-6/98), an estimated 72 multi-family units could be expected to be developed.

4. Projects Currently Under Development

The residential site inventory also needs to account for projects in various stages of development and likely to be completed prior to the start of the new Housing Element cycle (July 1998). Staff has cross-checked addresses on these projects and removed their acreage and unit potential from the inventory of vacant and underutilized sites.

Review of project status reports indicate that as of April 1996, there were a total of 472 units in the project pipeline, including 248 units with building permits, and 224 units with planning approvals. Several of these projects are 100% affordable, and most include either an on or off-site inclusionary housing component. Of the total 472 units pending, 57 will be for very low income (up to 50% MFI), 156 for low income (up to 60% MFI), and 121 will be for moderate income (up to 100% MFI).

¹ Residential development in C5 and M1 zones requires a Conditional Use Permit. All other commercial zones permit residential development by right.

5. Summary of Development Already Occurred During 1989-1998 Planning Cycle

In addition to the evaluation of residential sites to accommodate future development, this analysis must also consider development which has already occurred during the 1989-1998 planning period and subtract this from the City's share of regional housing needs of 3,220 units (568 very low, 785 low, 615 moderate, and 1,251 upper income units).

According to the certificates of occupancy issued during 1989 and 1996, staff estimated that a total of 1,027 units were produced during this period. Based on affordability controls on the deed-restricted units, and market sales prices and rental rates of the market-rate units, City staff estimated that of the 1,027 units developed since 1989, 178 are very low income, 167 are low income, 299 are moderate income, and 383 are upper income units. Thus, for the 1989-1998 Housing Element cycle, the City of Santa Monica has a remaining share of regional housing needs of 2,193 housing units (391 very low income, 618 low income, 316 moderate income, and 868 upper income units).

6. Availability of Public Services and Facilities

As a highly urbanized community, public facilities are available to support residential development in the City's multi-family and commercial zones.. The following discussions on the availability of public services and facilities are summarized from the City's recently updated Master Environmental Assessment (MEA).

Water System

Water for the Santa Monica service area is supplied from both groundwater and imported sources. Water system storage is provided by the City's four reservoirs - Arcadia, Riviera, San Vicente, and Mount Olivette. The City's water system operates adequately to meet the domestic needs, and supplies sufficient fire suppression pressure to provide the needed range of fire flows. The City's water conservation efforts are expected to offset the cumulative impact of water demand due to currently proposed and approved development projects. The City also maintains an active capital improvement program for water main replacement; the entire system will be replaced approximately every 50 years.

Street System

As part of the MEA, the City prepared a forecast of future levels of service at intersections based on existing conditions, traffic trends, proposed and approved development projects, and improvements to be implemented. The results of the forecast indicate that between 28 and 39 intersections in the City will operate at levels E or F (congested) in the year 2005.

Street improvements will continued to be required as conditions to project approval to mitigate development impacts on the City's street system. In addition, the City is in the process of updating the Circulation Element of the General Plan. This update will include a comprehensive evaluation of existing policies and programs to address issues identified in the MEA.

In addition, the Environmental and Public Works Management Department, Street Maintenance and Engineering Division repairs damaged streets, curbs, gutters, and sidewalks, and the Electrical Division repairs and replaces streetlights. The City often assesses residential and commercial property owners for the cost or percent of the cost of repairs and reconstruction. However, depending on the availability of CDBG funds, low/moderate income residents may be eligible for assistance through the Public Works Assessment Assistance (PWAA) program. The program offers financial assistance according to the following sliding scale:

<i>Cost of Repair Assessed by City</i>	<i>City Assistance</i>
\$1 - \$500	100%
\$501 - \$1,000	75%
\$1,001 or above	50%

Sewer System

The local sewer collection system is owned by the City of Santa Monica, and is managed, operated, and maintained by the Utilities Division of the City's General Services Department. Sewer flow is treated at the City of Los Angeles' Hyperion Treatment Plant located approximately 4 miles southeast of Santa Monica.

Problems encountered in the operation of the City's sewer mains consist of mains that have exceeded their capacity during peak flow periods, mains experiencing root infestation, and main capacity reduced by an influx of grease and sand. The hydraulic analysis the year 2000 wet weather flow also revealed hydraulically deficient segments in the collection system. Implementation of the City's ten-year capital improvement program will ensure that the City is able to meet its future sewer needs.

Storm Drains

The storm drain system in Santa Monica is comprised principally of pipes and channels owned and operated by the City of Santa Monica and the County of Los Angeles. The Kenter Canyon Drain, which serves areas in Brentwood and West Los Angeles, runs through the City and discharges at Santa Monica Beach into the bay. This drain is presently undersized and incapable of accommodating the runoff from a 50-year storm. A parallel drain is currently being considered by the Los Angeles County Department of Public Works. Because of this important deficiency, the City of Santa Monica Department of Environmental and Public Works Management has for the last several years required large developments to install detention facilities onsite to reduce runoff during peak flow periods. Additionally, the City Council passed an ordinance requiring all developments to reduce runoff quantities by 20 percent.

7. Summary of Residential Development Potential

Table C-3 summarizes the residential development potential for the 1989-1998 period on vacant and underutilized parcels, parcels in non-residential zones, and in projects currently under development. Comparing the City's residential development potential of 3,258 dwelling units with the 2,193 dwelling units identified as Santa Monica's fair share of regional housing needs it is evident that the City's General Plan and zoning provide for a residential development capacity that adequately addresses the City's projected share of regional growth. In terms of development opportunities to address the identified need for 1,009 lower-income housing units, the site inventory provides for 599 units at densities of 35 units per acre and above, the minimum density threshold generally associated with unit affordability in urban areas. In addition, the City's inclusionary housing program requires that 30 percent of all new multi-family housing be deed-restricted to low and moderate income households, ensuring that over 480 of the potential new units be provided at 60 percent MFI (low income), and 480 units be provided at 100 percent MFI (moderate income).

TABLE C-3
CITY OF SANTA MONICA
1996-1998 POTENTIAL RESIDENTIAL DEVELOPMENT SUMMARY

Zone District	Development on Vacant Land		Development on Underutilized Land		Development on Non-Residential Sites (DU)	Projects Under Development	Total Realistic Development (DU)
	Acres	DUS	Theoretical Development (DU)	Realistic Development (DU)			
R-1 (1 du/parcel)	3.60	16					16
R-2 (29 du/ac)	6.43	172	4,182	1,803		227	2,202
R-3 (35 du/ac)	2.20	77	599	200		67	343
R-4 (48 du/ac)	0.70	34	279	11			45
RVC (29 du/ac)						37	37
OP-Duplex (2 du/parcel)			8	6			6
OP-2 (22 du/ac)	0.14	3	720	382		8	393
OP-3 (29 du/ac)			14	5			5
OP-4 (35 du/ac)			231	5			5
Commercial Zones					72	133	205
Specific Plans							-
TOTALS	13.0	302	6,032	2,412	72	472	3,258

UPDATE OF VACANT LAND INVENTORY

The following table presents a summary of the City's vacant sites by residential zone as of March 1997. Figure C-1 reflects the location of these sites.

**TABLE C-4
RESIDENTIAL DEVELOPMENT CAPACITY
ON VACANT PARCELS, BY RESIDENTIAL ZONE**

Zone Districts	# Parcels	Sq. Ft.	Acreage	Allowable Density	Potential Units
NWR2 - North of Wilshire Low Density	4	29,992	0.69	1,500 sf/unit	20
NWR3 - North of Wilshire Medium Density	1	5,000	0.11	1,250 sf/unit	4
OP2 - Low Multiple	2	14,633	0.34	2,000 sf/unit	7
R1 - Single Family	16	154,935	3.56	1 du/parcel	16
R2 - Low Density Multiple Residential	23	221,678	5.09	1,500 sf/unit	134
R2A - Low Density/ Parking Overlay	1	10,000	0.23	1,500 sf/unit	7
R2B - Low Density Beach District	2	7,626	0.18	1,500 sf/unit	5
R3 - Medium Density	12	96,530	2.22	1,250 sf/unit	77
R4 - High Density	2	30,780	0.71	900 sf/unit	34
RVC - Residential Visitor Commerical	1	25,000	0.57		178
TOTAL	64	596,174	13.69		482

Source: City of Santa Monica, Policy and Planning Analysis Division, March 1997.

Note: Excludes vacant parcels with building permits or recent planning approvals for development.

Vacant Parcels in Residential Zones

City of Santa Monica Housing Element

Unit Potential Under Current Zoning

- 1 unit
- ▲ 2-7 units
- ★ 8-15 units
- ◆ 16-30 units



Note: Doesn't include underutilized sites

Source: City of Santa Monica, March 1997

Appendix D:
Available Financial
Resources and Projections

APPENDIX D. AVAILABLE FINANCIAL RESOURCES AND PROJECTIONS

I. RESOURCES

There are a variety of funding and regulatory programs available to the City for use toward the preservation, improvement, and development of housing. These resources are described below.

A. FEDERAL PROGRAMS

1. HOME Investment Partnership (HOME)

The HOME program was created under the National Housing Affordability Act of 1990. Under HOME, HUD awards funds to localities on the basis of a formula which takes into account tightness of the local housing market, inadequate housing, poverty, and housing production costs. Localities must qualify for at least \$500,000, based on HUD's distribution formula, to receive direct allocation of funds, or can apply to the state or combine with adjacent jurisdictions.

HOME funding is provided to jurisdictions to assist either rental housing or home ownership through acquisition, construction, reconstruction, and/or rehabilitation of affordable housing. Also possible is tenant-based rental assistance, property acquisition, site improvements, and other expenses related to the provision of affordable housing and for projects that serve a group identified as having special needs related to housing. The local jurisdiction must make matching contributions to affordable housing under HOME.

2. Community Development Block Grant (CDBG)

CDBG grants are awarded to the City on a formula basis for housing activities, including acquisition, rehabilitation, home buyer assistance, economic development, homeless services and public services. CDBG grants benefit primarily persons/households with incomes not exceeding 80 percent of the County Median Family Income (MFI).

3. Sections 202/811 Housing for Seniors and Disabled Persons

Non-profit organizations and consumer cooperatives are eligible to receive no interest capital advances from HUD for the construction of very low income (50 percent of MFI) rental housing for senior citizens and disabled persons. Project-based rental assistance is also provided. Section 811 can be used to develop group homes, independent living facilities, and intermediate care facilities. Section 202 is particularly appropriate for Santa Monica because of the City's large low-income elderly population.

4. Housing Opportunities for Persons with AIDS (HOPWA)

The HOPWA program provides entitlement and competitive grants for housing assistance and supportive services for persons with AIDS. Funds can be used for:

- Acquisition, rehabilitation, lease, and repair of facilities;
- New construction;
- Project-based or tenant-based rental assistance;
- Planning;
- Support services;
- Operating costs;
- Rehabilitation;
- Short-term rent, mortgage, and utility payment; and
- Administrative expenses.

5. Supportive Housing

The Supportive Housing Programs provides grants to public and private non-profit entities to promote the development of supportive housing and services. These grants are disbursed by HUD, with recipients selected on the basis of a competitive application screening process.

Funds from the Supportive Housing program may be used for:

- Acquisition of property;
- Rehabilitation;
- New construction (under certain limitations);
- Leasing of structures;
- Meeting of operating costs;
- Meeting of supportive services costs.

Grants for operating costs may be for up to 75 percent for the first two years and 50 percent for the subsequent three years. Grants for other types of activities require matching funds from the recipient.

6. Federal Emergency Shelter Grants (FESG)

This program provides grants to improve the quality of existing shelters and/or to increase the number of new shelters for the homeless. Grants are awarded to local non-profits through the State. Eligible activities include acquisition, new construction, and rehabilitation of homeless facilities, and provision of support services.

7. Shelter Plus Care

This program provides grants for rental assistance for permanent housing and case management to homeless individuals with disabilities and their families.

8. Section 8 Rental Assistance and Housing Vouchers

The Section 8 Rental Assistance (Certificates) and Housing Vouchers administered by the Santa Monica Housing Authority provides rent subsidies to very low income households (50% of MFI). Under the certificate program, combined rent and a utility allowance, per HUD's schedule, are guaranteed not to exceed 30 percent of the tenant's monthly income; rent and utilities for the unit must conform to HUD-mandated Fair Market Rent (FMR) for that particular unit size and geographic area, and the unit must meet HUD Housing Quality Standards (HQS). Under the voucher program, the rent subsidy is based on the difference between a payment standard determined by the Housing Authority and 30 percent of the tenant's adjusted gross income. Tenants with Section 8 vouchers can rent units beyond the FMRs, but they must pay the difference between the actual rents and the payment standard.

9. Home Ownership for People Everywhere (HOPE)

HOPE I (Public Housing Homeownership) Program

The HOPE I program provides grants to assist residents of public and Indian housing to become homeowners. These grants can be of two forms; planning grants, and implementation grants. Planning grants may be up to \$200,000 and do not require matching funds. Implementation grants support the actual cost of developing, acquiring, and/or rehabilitating the housing. While there is no maximum amount for the implementation grants, they do require local matching funds from non-federal sources.

HOPE II (Homeownership of Multifamily Units) Program

The HOPE II program provides grants to assist low-income persons become homeowners through use of multi-family rental properties. Like HOPE I grants, these funds may be earmarked for either planning or implementation. Planning grants may not exceed \$200,000 and do not require matching funds. Implementation grants may not exceed 120 x FMR, and require non-federal matching of at least 33 percent.

HOPE III (Homeownership for Single-family Homes) Program

The HOPE III program provides grants to assist low-income persons to achieve homeownership. Both planning grants & implementation grants are available. Both grants are competitive, with applicants for planning grants competing in a national pool, and applicants for implementation grants competing in a regional pool. The maximum grant amount for a planning grant is \$100,000. Implementation grants may be for up to \$3 million.

10. Section 108 Program

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. This provision provides communities with a source of financing for a variety of housing and economic development activities. All rules and requirements of the CDBG program apply, and therefore all projects and activities must principally benefit low and moderate income persons, aid in the elimination or prevention of slums and blight, or meet the urgent needs of the community.

Monies received per the Section 108 loan Guarantee Program are limited to not more than 5 times the applicant's most recently approved CDBG amount, less prior Section 108 commitments. Activities eligible for these funds include:

- Economic development activities eligible under CDBG;
- Acquisition of real property;
- Rehabilitation of publicly owned real property;
- Housing Rehabilitation eligible under CDBG;
- Construction, reconstruction, or installation of public facilities;
- Related relocation, clearance & site improvements;
- Payment of interest on the guaranteed loan and issuance costs of public offerings;
- Debt service reserves;
- Public works & site improvements.

Section 108 loans are secured and repaid by pledges of current and future CDBG funds. Additional security requirements may also be imposed on a case by case basis.

B. STATE PROGRAMS

1. Low Income Housing Tax Credits (LIHTC)

The Low-Income Housing Tax Credit (LIHTC) Program allows individuals and corporations to earn tax credits by investing in low-income rental housing. Usually these credits are sold to corporations or persons with a high tax liability. The funds generated by the sale of these credits are then used to create the housing.

Application for these two credits is competitive, particularly because each state is allocated a finite amount annually. In California Award recipients are selected by the Tax Credit Allocation Committee.

2. California Housing Finance Agency (CHFA)

CHFA provides below-market interest rate mortgage capital through the sale of tax-exempt notes and bonds.

Single-Family

Home Mortgage Purchase (HMP) Program - CHFA sells tax-exempt Mortgage Revenue Bonds to provide below-market rate financing through approved private lenders to first-time homebuyers for the purchase of new or existing homes.

Self-Help Housing Program - CHFA assists nonprofit housing development corporations which acquire land, provide building plans, and package loans for self-help housing. Families, under the supervision of nonprofit corporations, provide the majority of the construction labor. CHFA makes commitments to self-help corporations for low-interest mortgages and provides credit enhancements to lenders who provide construction financing and preferential interest rates.

Multi-Family

Rental Housing Mortgage Loan Program - This program finances the construction or substantial rehabilitation of projects containing 20 or more units. Twenty percent of the units in a project must be set aside for low income tenants at affordable rents for the greater of 15 years or as long as the mortgage is outstanding.

C. COUNTY PROGRAM

1. Mortgage Credit Certificate Program

The Los Angeles County Community Development Division (CDC) administers a Mortgage Credit Certificate (MCC) program to assist low and moderate income (up to 115 percent of median income) first-time buyers to obtain homeownership. An MCC is a certificate awarding the holder a federal income tax credit. A qualified applicant may take a credit against federal income taxes of up to 80 percent of the interest paid on the first year of the mortgage. The City may be able to participate in this program.

D. LOCAL PROGRAMS

In addition to these federal and state programs, the City has created several local programs which produce revenues for housing programs. These are:

1. TORCA

The Tenant Ownership Rights Charter Amendment (TORCA) to the City Charter was adopted in 1984 to allow the conversion of rental units to ownership only if two-thirds or more of the building's tenants agree to the conversion and one-half or more intend to buy their units. In order to assist low and moderate tenants to purchase their units, the City also agreed to establish an ownership assistance program to be funded by a tax levied on units that are converted to condominium ownership.

In June 1992, the citizens of Santa Monica adopted an amended to TORCA which permits the City to use up to 50 percent of the TORCA fee for development of affordable housing. While TORCA sunset on July 1, 1996, funds remain available for affordable housing development and assistance.

2. Redevelopment Tax Increment

The City of Santa Monica has established four redevelopment project areas which are required under State law to set aside 20 percent of their tax increment to assist in the production of affordable housing. These funds can be used for loan assistance for affordable housing construction, acquisition, and rehabilitation.

3. Inclusionary Housing Program Fees/Housing Production

Local ordinances require that 30 percent of all new multi-family construction of two or more units be affordable to low and moderate income households. The City's Inclusionary Housing Program requires that projects of 20 or more units must provide inclusionary units on-site. Under certain circumstances, projects of six or fewer units may pay in inclusionary fee in lieu of providing any affordable units on-site. However, projects of between 7 and 19 units may pay the inclusionary fee instead of providing the required low income units on-site; the required moderate income units must be provided on-site.

4. Office Development Mitigation Program

The City has adopted an office development mitigation program which requires developers of new commercial office space in excess of 15,000 square feet or additions to existing developments in excess of 10,000 square feet to either provide low income housing or pay an in-lieu fee.

5. Multi-Family Earthquake Repair Loan Program (MERL)

In response to the devastation caused by the Northridge Earthquake, Congress enacted the Emergency Supplemental Appropriations Act of 1994 to provide \$175 million in CDBG earthquake supplemental funding to Southern California. Santa Monica received two awards of CDBG funds. The first award of \$2.7 million in CDBG funds is used to fund the repair of City-owned facilities. The second award of \$25 million is used to fund repair and reconstruction of multi-family and condominium properties. In addition, the City received approximately \$8.4 million in earthquake fund under the HOME program. The City used these funds to establish the Multi-Family Earthquake Repair Loan Program (MERL). Repayment of the MERL loans will begin in 1997. Use of the MERL repayment funds will be subjected to the provisions under the CDBG and HOME programs.

6. General Fund DIRECTIONS

The City of Santa Monica allocates approximately \$4 million in general fund annually to provide support services and housing assistance to its residents.

The City of Santa Monica allocates approximately \$4 million in general fund annually to provide support services and housing assistance to its residents. The City of Santa Monica allocates approximately \$4 million in general fund annually to provide support services and housing assistance to its residents. The City of Santa Monica allocates approximately \$4 million in general fund annually to provide support services and housing assistance to its residents.

Shown in the first column of the table, revenue sources include the following:

- Federal Community Development Block Grant (CDBG) Funds
- General Funded Funds
- Non-Federal Grants: The General Funded Funds receive 100% of the CDBG funds (the General Funded Funds)
- The Revenue derived as part of the Tenant Ownership Equity Program (TOEP) and the General Funded Funds
- Landmark Redevelopment Project Area Tax Incremental Financing (TIF) Fund (the General Funded Funds)
- Repayment of HUD and CDBG loans and funds for the Mid-City Family Healthcare Project (MCHP) Program
- Reimbursement of the Housing Division from the State of California for:
 - Revenue from Development Agreements (Capable Housing Trust Fund)
 - Subsidized Housing Program (L.A. Fair Housing)
 - Office Management Program (General Funded Funds)
 - Revenue from the sale of property owned by the City of Santa Monica
 - Tax-Exempt Bond Financing

The General Fund of the City of Santa Monica is composed of the City of Santa Monica's General Fund. The General Fund is composed of the City of Santa Monica's General Fund. The General Fund is composed of the City of Santa Monica's General Fund. The General Fund is composed of the City of Santa Monica's General Fund.

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II. REVENUE PROJECTIONS

For purposes of developing its quantified objectives for the five-year Housing Element planning period, the City has estimated the level of funding expected to be available to assist in the production of affordable housing, as illustrated in **Table D-1**. Housing Division staff projected future revenues available for affordable housing production as well as the number of new and rehabilitated units that may be produced with these revenues. The attached table reflects the results of this analysis.

Shown in the first column of the table, revenue sources include the following:

- Federal Community Development Block Grant (CDBG) funds;
- Federal HOME Funds;
- Non-Earthquake Redevelopment Tax Increment Set-Aside revenues (20% of total Tax Increment revenues);
- Tax Revenues exacted as part of the Tenant Ownership Rights Charter Amendment (TORCA) condominium conversion program;
- Earthquake Redevelopment Project Area Tax Increment Set-Aside Revenues (20% of total Tax Increment revenues);
- Repayment of HOME and CDBG monies lent under the Multi-Family Earthquake Repair Loan (MERL) Program;
- Repayment of the Housing Division's loan for the Pico/Cloverfield site;
- Revenues from Development Agreements (Citywide Housing Trust Fund);
- Inclusionary Housing Program In-Lieu Fee revenues;
- Office Mitigation Fee Program revenues;
- Revenues from the sale of air rights above City-owned properties;
- Tax-Exempt Bond Financing.

The financial data in this table represents an estimate of the City's future resources based on presently available information and reasonable projections. As an estimate, this data is subject to change based on a number of factors.

The five-year revenues shown in the second column reflect both existing balances plus revenues projected to accrue to the City prior to June 2001. Revenues projected to accrue after this date are not included due to the lag time between project funding and project completion.

The table also shows how revenues will be allocated between new construction and rehabilitation. Where funds are not specifically restricted to new construction or rehabilitation, it is assumed that half of the revenues will go toward rehabilitation and half toward new construction. The projections assume a \$50,000 per unit subsidy for rehabilitation and \$70,000 per unit subsidy for new construction.

It is anticipated that 331 new units will be financed through Tax Exempt bonds. Among these units, 33 will be affordable to very low-income households, 66 to low income households, and 116 to moderate-income households.

Based upon the above assumptions, and excluding units produced through Tax Exempt bond financing, it is estimated that revenues available through June 2001 will yield, in terms of new production, 78 very low income units and 112 low income units; and in terms of acquisition/rehabilitation, 109 very low income units and 157 low income units.

**TABLE D-1
HOUSING UNIT PROJECTIONS
BASED ON AVAILABLE FUNDING**

Funding Sources	5 year Revenue	Very Low Units R/N		Low Units R/N		Mod Units R/N		Upper units R/N		Total Units R/N	
CDBG	3,327,399			33	24					33	24
HOME	5,559,843			56	40					56	40
Redev. Revenue	2,022,516			20	14					20	14
TORCA	3,088,082			31	22					31	22
MERL Repayment	1,428,886			14	10					14	10
Pico Cloverfield Repayment	3,100,000	31	22							31	22
Dev. Agr. (CHTF)	2,366,852	24	17							24	17
Inclusionary (CHTF)	97,852	1	1							1	1
Office Mitigation (CHTF)	2,159,870	22	15							22	15
Air Rights (CHTF)	1,232,029	12	9							12	9
Low/Mod Housing (CHTF)	1,375,000	14	10							14	10
CD's LOC's	506,037	5	4							5	4
SUBTOTAL	26,266,366	109	78	154	110	0	0	0	0	263	188
Tax Exempt	40,000,000	0	33	0	66	0	116	0	116	0	331
GRAND TOTAL	66,266,366	109	111	154	176	0	116	0	116	263	519

'R' = Rehabilitation. Assumes \$50,000 per unit City subsidy.

'N' = New Construction. Assumes \$70,000 per unit City subsidy.

Appendix E:
Residential Development
Standards and Fees

APPENDIX E. RESIDENTIAL DEVELOPMENT STANDARDS AND FEES

The following tables provide a comparison of residential development standards, parking requirements and planning-related fees for residential development between the cities of Santa Monica, Culver City, Redondo Beach, Manhattan Beach, West Hollywood, and Los Angeles.

**TABLE E-1
RESIDENTIAL DEVELOPMENT STANDARDS**

Zoning District		Min. Lot Size	Max. Residential Density	Min. Lot Area Per Unit	Height Limit	Min. Front Yard	Min. Rear Yard	Open Space Req.
Single-Family Residential								
Santa Monica	R1	5,000 sf	8.7 du/ac	5,000 sf	2 stories, 28 ft	20 ft	25 ft	Not Specified
Redondo Beach	R-1	5,000 sf	8.7 du/ac	5,000 sf	2 stories, 30 ft	20 ft	15 ft	800 sf/du
	R-1A	2,500 sf	17.4 du/ac	2,500 sf	2 stories, 30 ft	25 ft	10 ft	400 sf/du
West Hollywood	R1A	5,000 sf	8.7 du/ac	5,000 sf	2 stories, 25 ft	15 ft	15 ft	Not Specified
	R1C	5,000 sf	8.7 du/ac	5,000 sf	1 story, 15 ft	15 ft	15 ft	Not Specified
Manhattan Beach	RS (I)	7,500 sf	5.8 du/ac	7,500 sf	2 stories, 26 ft	20 ft	10 ft	Not Specified
	RS (II)	4,600 sf	9.5 du/ac	4,600 sf	2 stories, 26 ft	20 ft	10 ft	Not Specified
	RS (III)	2,700 sf	16.1 du/ac	2,700 sf	3 stories, 30 ft	5 ft	5 ft	220 sf/du for unit ≤ 2,333 sf 350 sf/du for unit > 2,333 sf
Culver City	R1/R1A	5,000 sf	8.7 du/ac	5,000 sf	2 stories, 26 ft	20 ft	Not Spec.	600 sf/du
	R1Z	5,000 sf	8.7 du/ac	5,000 sf	2 stories, 30 ft	13 ft	10 ft	600 sf/du
Los Angeles	R1	5,000 sf	8.7 du/ac	5,000 sf	3 stories, 45 ft	20 ft	15 ft	Not Specified
Low Density Multiple-Family Residential								
Santa Monica	R2R	3,000 sf	29 du/ac	1,500 sf	2 stories 23 ft - flat roof 33 ft - pitched roof	10 ft	15 ft	100 sf/du for proj w/ < 6 du 50 sf/du for proj w/ > 6 du
	R2	5,000 sf	29 du/ac	1,500 sf	2 stories, 30 ft	20 ft	15 ft	

**TABLE E-1
RESIDENTIAL DEVELOPMENT STANDARDS**

Zoning District		Min. Lot Size	Max. Residential Density	Min. Lot Area Per Unit	Height Limit	Min. Front Yard	Min. Rear Yard	Open Space Req.
Redondo Beach	R-2	5,000 sf	14.6 du/ac	2,984 sf	2 stories, 30 ft	15 ft	10 ft	SF - 800 sf/du Condo - 450 sf/du MF - 400 sf/du
	R-3	5,000 sf	17.5 du/ac	2,490 sf	2 stories, 30 ft	14 ft	10 ft	SF - 800 sf/du Condo - 350 sf/du MF - 350 sf/du
	R-3A	5,000 sf	17.5 du/ac	2,490 sf	2 stories, 30 ft	14 ft	10 ft	
West Hollywood	R1B	5,000 sf	13 du/ac for a one-acre lot	2,500 sf for 1st 2 du 3,500 sf for ea. add'l	2 stories, 25 ft	15 ft	15 ft	Not Specified
	R2	5,000 sf			2 stories, 25 ft	15 ft	15 ft	Not Specified
Manhattan Beach	Not Designated							
Culver City	R2	5,000 sf	17.4 du/ac	2,500 sf	2 stories, 26 ft	15 ft	10 ft	500 sf/du
	R3	Not Specified	15 du/ac	2,904 sf	2 stories, 30 ft	10 ft	15 ft	Not Specified
	R3A	Not Specified	15 du/ac	2,904 sf	3 stories, 40 ft	10 ft	15 ft	Not Specified
Los Angeles	R2	5,000 sf	17.4 du/ac	2,500 sf	3 stories, 45 ft	20 ft	15 ft	Not Specified
Medium Density Multiple-Family Residential								
Santa Monica	R3	5,000 sf	35 du/ac	1,250 sf	3 stories, 40 ft	20 ft	15 ft	100 sf/du for proj w/ < 6 du 50 sf/du for proj w/ > 6 du
Redondo Beach	RMD	5,000 sf	23.3 du/ac	1,870 sf	2 stories, 30 ft	12 ft	10 ft	SF - 800 sf/du Condo - 350 sf/du MF - 350 sf/du

**TABLE E-1
RESIDENTIAL DEVELOPMENT STANDARDS**

Zoning District		Min. Lot Size	Max. Residential Density	Min. Lot Area Per Unit	Height Limit	Min. Front Yard	Min. Rear Yard	Open Space Req.
West Hollywood	R3A	5,000 sf	36 du/ac	1,210 sf	2 stories, 25 ft	15 ft	15 ft	133 sf/eff. unit 350 sf/other unit
	R3B	5,000 sf	36 du/ac	1,210 sf	3 stories, 35 ft if => 50% of extg frontage on block with bldgs > 30 ft	15 ft	15 ft	133 sf/eff. unit 350 sf/other unit
	R3C	5,000 sf	36 du/ac	1,210 sf	4 stories, 45 ft if > 50% of extg parallel frontage on block with bldgs > 40 ft	15 ft	15 ft	133 sf/eff. unit 350 sf/other unit
Manhattan Beach	RM (I)	7,500 sf	11.6 du/ac	3,750 sf	2 stories, 26 ft	20 ft	10 ft	220 sf/du for unit ≤ 2,333 sf 350 sf/du for unit > 2,333 sf
	RM (II)	4,600 sf	18.9 du/ac	2,300 sf	2 stories, 26 ft	20 ft	10 ft	
	RM (III)	2,700 sf	32.3 du/ac	1,350 sf	3 stories, 30 ft	5 ft	5 ft	
Culver City	R4	Not Specified	29.0 du/ac	1,500 sf	2 stories, 30 ft	10 ft	5 ft	Not Specified
Los Angeles	R3	5,000 sf	36.3 - 54.4 du/ac	800 sf - 1,200 sf	Height District 1 - 3 stories, 45 ft Height Districts 2-4 - 6 stories, 75 ft	15 ft	15 ft	Not Specified
High Density Multiple-Family Residential								
Santa Monica	R4	5,000 sf	48 du/ac	900 sf	4 stories, 45 ft	20 ft	15 ft	100 sf/du for proj w/ < 6 du 50 sf/du for proj w/ > 6 du
Redondo Beach	RH-1	5,000 sf	28.0 du/ac	1,556 sf	2 stories, 30 ft	12 ft	10 ft	SF - 800 sf/du Condo - 200 sf/du MF - 200 sf/du
	RH-2	5,000 sf	28.0 du/ac	1,556 sf	3 stories, 35 ft	12 ft	10 ft	
	RH-3	5,000 sf	28.0 du/ac	1,556 sf	3 stories, 35 ft	12 ft	10 ft	
West Hollywood	R4	5,000 sf	50 du/ac	872 sf	4 stories, 45 ft of 50% of extg frontage on block with bldgs > 35 ft	7.5 ft	15 ft	133 sf/eff. unit 350 sf/other unit

**TABLE E-1
RESIDENTIAL DEVELOPMENT STANDARDS**

Zoning District		Min. Lot Size	Max. Residential Density	Min. Lot Area Per Unit	Height Limit	Min. Front Yard	Min. Rear Yard	Open Space Req.
Manhattan Beach	RH(I)	7500 sf	43.6 du/ac	1,000 sf	3 stories, 30 ft	20 ft	10 ft	220 sf/du for unit ≤ 2,333 sf 350 sf/du for unit > 2,333 sf
	RH (II)	4,600 sf	43.6 du/ac	1,000 sf	3 stories, 30 ft	20 ft	10 ft	
	RH (III)	2,700 sf	51.3 du/ac	850 sf	3 stories, 30 ft	5 ft	5 ft	
	RH (IV)	2,700 sf	51.3 du/ac	850 sf	3 stories, 30 ft	5 ft	5 ft	
Culver City		Not Designated						
Los Angeles	R4	5,000 sf	54.4 - 108.9 du/ac	400 sf - 800 sf	Unlimited	15 ft	15 ft + 1 ft/flr above 3rd, 20 ft max	Not Specified
	R5	5,000 ft	108.9 - 217.8 du/ac	200 ft - 400 ft	Unlimited	15 ft		

Abbreviations: du = dwelling unit(s); sf = square feet; ft = feet; flr = floor; SF = Single-Family; MF = Multi-Family; extg = existing.

**TABLE E-2
RESIDENTIAL PARKING REQUIREMENTS
PER DWELLING UNIT**

City	Single-Family	Multi-Family			Condominiums			Special Needs Housing
		Studio/ 0-br	1-br	2-br+	Studio/ 0-br	1-br	2-br+	
Santa Monica	2 spaces in garage	1 covered space	1.5 spaces	2 spaces	1 covered space	2 covered spaces	2 covered spaces	0.5 space
		Visitors: 1 space per 5 units			Visitors: 1 space per 5 units			
Redondo Beach	2 spaces in garage	2 spaces, at least 1 in enclosed private or common garage			2 spaces in enclosed private or common garage			Not Specified
		Visitors: 2-3 units - 1 space 4-6 units - 2 spaces 7-10 units - 3 spaces 11+ units - 1 space per 3 units			Visitors: 2-3 units - 1 space 4-6 units - 2 spaces 7-10 units - 3 spaces 11+ units - 1 space per 3 units			
West Hollywood	SF detached - 2 spaces (enclosed/covered)	1 space (enclosed/c overed)	1.5 spaces (enclosed/c overed)	2 spaces for a 2-br, + 1 space per each add'l br (enclosed/c overed)	1 space (enclosed/c overed)	1.5 spaces (enclosed/c overed)	2 spaces for a 2-br, + 1 space per each add'l br (enclosed/covered)	Not Specified
	SF attached - same as MF							
	Visitors: 1 covered space per 4 units for projects with 5 or more units							
Manhattan Beach	BFA < 3,600 sf - 2 enclosed spaces (50% can be in tandem)	2 spaces, including 1 enclosed. In District IV, both spaces must be enclosed; in District III and IV, half of required spaces may be in tandem. In buildings with less than 4 units, only 1 enclosed space is required for units with less than 550 sf			2 enclosed spaces In District IV, both spaces must be enclosed; in District III and IV, half of required spaces may be in tandem. In buildings with less than 4 units, only 1 enclosed space is required for units with less than 550 sf			Group residential - 1 space per bed; plus 1 space per 100 sf used for assembly purposes
	BFA=> 3,600 sf - 3 enclosed spaces							
	Visitors: 0.25 space per unit for building with 4 or more unit			Visitors: 1 space per unit				

**TABLE E-2
RESIDENTIAL PARKING REQUIREMENTS
PER DWELLING UNIT**

City	Single-Family	Multi-Family			Condominiums			Special Needs Housing
		Studio/ 0-br	1-br	2-br+	Studio/ 0-br	1-br	2-br+	
Culver City	SF detached - 2 covered spaces for 5 or fewer brs, 1 add'l space for each br in excess of 5 brs	1.5 spaces for unit < 700 sf 2 spaces for unit >= 700 sf	2 spaces	2.5 spaces for 2-br, 3.5 spaces for 3-br + 0.5 space for each add'l br	1.5 spaces for unit < 700 sf 2 spaces for unit >= 700 sf	2 spaces	2.5 spaces for 2-br, 3.5 spaces for 3-br + 0.5 space for each add'l br	Not Specified
	SF - Zero Lot Line 2 spaces, 1 must be fully enclosed							
	Visitor parking not specified							
Los Angeles	2 spaces in garage	1 space per unit with less than 3 bedrooms 1.5 spaces per unit with 3 bedrooms 2 spaces per unit with more than 3 bedrooms Visitor parking not specified						Not Specified

Abbreviations: br = bedroom; SF = Single-Family; MF = Multi-Family; sf = square feet; BFA = Buildable Floor Area.

**TABLE E-3
RESIDENTIAL DEVELOPMENT FEES**

Fees	Santa Monica	Redondo Beach	Manhattan Beach	West Hollywood	Culver City	Los Angeles
Planning Fees						
Development Agreement	\$10,000	\$1,439			\$2,578 + city costs	
Tract Map (tentative, final)	\$2,287	\$1,083	\$1,018	\$770	\$558	
Parcel Map (tentative, final)	\$2,287	\$1,083	\$1,018	\$770	\$929 + \$19.59/land & airspace lot	
Site Plan/Development Review/Permit	\$3,399	\$1,439	\$2,870		Admin - \$397-466 P/C - \$596-929	\$1,680
Plan Check	P&CD - based on GFA B&S - based on bldg. permit valuation E&PWM - based on cost of hard construct'n	Non-linear equation based on building valuation	Non-linear equation based on building valuation	Non-linear equation based on building valuation	Non-linear equation based on building valuation	Non-linear equation based on building valuation
Sample Apartment Bldg. - Valuation of \$100,000:	\$1,590	\$1,052	\$1,059	\$1,508	\$478	\$740
Building Permit	Non-linear equation based on building valuation	Same as plan check fee	Same as plan check fee	Non-linear equation based on building valuation	Non-linear equation based on building valuation	Non-linear equation based on building valuation
Sample Apartment Bldg. - Valuation of \$100,000:	\$652	\$1,052	\$1,059	\$1,905	\$686	\$820
Conditional Use Permit	<=500 sf - \$1,362 500-5,000 sf - \$2,053 5,001+ sf - \$2,734	Condo - \$1,150 All Others \$898	\$2,098	\$1,455 (includes noticing)	SF & TF - \$793 All others - \$1,209	\$2,810

Abbreviations: br = bedroom; SF = Single-Family; TF = Two-Family, MF = Multi-Family; sf = square feet; BFA = Buildable Floor Area; GFA = Gross Floor Area; P&CD = Planning and Community Development; B&S = Building and Safety; E&PWM = Environmental and Public Works Management.

Note: Fees for off-site improvements (such as alley improvements, curbs/gutters/sidewalks, street lights) vary significantly by project site and were not readily available from the jurisdictions contacted. According to Santa Monica's Environmental and Public Works Management Department, off-site improvement costs in the City can generally be estimated at 10% of the project's building permit value.

TABLE E-4
RESIDENTIAL LAND USE ALLOCATION

Jurisdiction	Total City Acres	Residential Zones						Commercial Zones Permitting Residential (Acres)	% of Total	% of Total City Acres Permitted for Residential
		Single-Family (Acres)	% of Total	Multi-Family (Acres)	% of Total	Total Residential (Acres)	% of Total			
Culver City	3,162	868	27.4%	666	21.1%	1,534	48.5%	NA	NA	48.5%
Los Angeles ¹										
Manhattan Beach	1,788	1,019	57.0%	191	10.7%	1,210	67.7%	3	0.2%	67.8%
Redondo Beach	3,970	1,076	27.1%	742	18.7%	1,818	45.8%	30	0.8%	46.5%
Santa Monica ²	5,376	1,703	32.0%	1,906	35.0%	3,609	67.1%	709	13.2%	80.3%
West Hollywood	1,216	99	8.2%	450	37.0%	550	45.2%	274	22.5%	67.8%

Source: Telephone survey of selected jurisdictions, Cotton/Beland/Associates, 1997

NA = Not Applicable.

¹ City of Los Angeles was contacted but unable to provide a breakdown of acreage by zone district.

² Includes commercial zones where residential is a permitted use by right. C5 and M1 zones which require CUP for residential use are not included in this calculation.

TABLE E-5
POPULATION DENSITY
COMPARISON OF WESTSIDE JURISDICTIONS

Jurisdiction	Estimated Square Miles ¹	1997 Population (DOF Estimates) ²	Population Density (Persons/ Square Mile)
Culver City	4.97	41,014	8,252
Los Angeles	468.79	3,681,708	7,854
Manhattan Beach	3.87	34,531	8,923
Redondo Beach	6.34	64,689	10,203
Santa Monica	8.14	91,405	11,229
West Hollywood	1.98	37,582	18,981

Sources:

1. The Thomas Guide: Los Angeles/Orange Counties, 1997.
2. California State Department of Finance, Population Research Unit, Cities and Counties Estimates, January 1997.

Appendix F:
Comparison of Residential Intensity
Permitted Under the 1984
Land Use Element and Current Zoning Ordinance

**APPENDIX F. COMPARISON OF RESIDENTIAL INTENSITY PERMITTED
 UNDER THE 1984 LAND USE ELEMENT AND CURRENT
 ZONING ORDINANCE**

Under the City's 1984 Land Use Element, four residential land use categories are provided - Single-Family Housing, Low Density Housing, Medium Density Housing, and High Density Housing. In addition to the residential development permitted under these various land use categories, the Land Use Element also contains provisions that allow for the development of residential uses in the mixed use category.

The City's Zoning Ordinance contains permitted densities and development standards for various residential zoning categories that generally correspond with the Land Use Element. However, in some instances the density permitted by the City's Zoning Ordinance is less than the maximum densities established in the Land Use Element. The Zoning Ordinance also contains provisions for the development of residential uses in various commercial zoning categories.

The table on the following page illustrates the densities of development permitted under the City's 1984 Land Use Element and the City's 1996 Zoning Ordinance.

Single-Family Housing	Single-Family Detached	Single-Family Detached	Single-Family Detached
Single-Family Attached	Single-Family Attached	Single-Family Attached	Single-Family Attached
Low Density Housing	Low Density Housing	Low Density Housing	Low Density Housing
Medium Density Housing	Medium Density Housing	Medium Density Housing	Medium Density Housing
High Density Housing	High Density Housing	High Density Housing	High Density Housing
Mixed Use	Mixed Use	Mixed Use	Mixed Use
Commercial	Commercial	Commercial	Commercial
Industrial	Industrial	Industrial	Industrial
Office	Office	Office	Office
Public	Public	Public	Public
Other	Other	Other	Other

TABLE F-1
COMPARISON OF RESIDENTIAL INTENSITY PERMITTED UNDER
THE 1984 LAND USE ELEMENT AND CURRENT ZONING ORDINANCE

1984 Land Use Element		Current Zoning Ordinance	
Land Use Category	Density Permitted	Zoning Category	Density Permitted
Single-Family Housing	8.7 DUs/net acre	R1 Single-Family Residential	8.7 DUs/net acre
Low Density Housing	29 DUs/net acre	OP1 Ocean Park Single-Family Residential	17-22 DUs/net acre - varies with lot size
		OPDU Ocean Park Duplex Residential	15 DUs/net acre
		OP2 Ocean Park Low Density Multiple Res.	22 DUs/net acre
		R2 Low Density Multiple Residential	29 DUs/net acre
		R2R Low Density Duplex District	29 DUs/net acre
Medium Density Housing	35 DUs/net acre	OP2 Ocean Park Low Density Multiple Res.	22 DUs/net acre
		R2 Low Density Multiple Residential	29 DUs/net acre
		R2R Low Density Duplex District	29 DUs/net acre
		R3 Medium Density Multiple Family Res.	35 DUs/net acre
High Density Housing	48 DUs/net acre	OP3 Ocean Park Medium Density Multiple Res.	29 DUs/net acre
		OP4 Ocean Park High Density Multiple Res.	35 DUs/net acre
		R2 Low Density Multiple Residential	29 DUs/net acre
		R3 Medium Density Multiple Family Res.	35 DUs/net acre
		R3R Medium Density Multiple Family Coastal	35 DUs/net acre
		R4 High Density Multiple Family Res.	48 DUs/net acre

TABLE F-1
COMPARISON OF RESIDENTIAL INTENSITY PERMITTED UNDER
THE 1984 LAND USE ELEMENT AND CURRENT ZONING ORDINANCE

1984 Land Use Element		Current Zoning Ordinance	
Land Use Category	Density Permitted	Zoning Category	Density Permitted
Mixed Use		R-MH Residential Mobile Home Park	Not specified
		RVC Residential-Visitor Commercial Dist.	Varies by area
		BCD Broadway Commercial District	FAR 1.5
		BSC Bayside Commercial District	FAR 2.0 - 3.0 varies by area
		C2 Neighborhood Commercial District	FAR 0.75 (1.0 on Pico)
		C3 Downtown Commercial District	FAR 2.0 (2.5 w/ 50% Res.)
		C3C Downtown Overlay District	FAR 2.5 (w/ 50% Res.)
		C4 Highway Commercial District	FAR 1.0-1.5 varies by area
		C5 Special Office Commercial District	FAR 0.75 - 1.0 varies with lot size
		C6 Boulevard Commercial District	FAR 2.0
		CM Main Street Commercial District	Far 1.5 - 2.0 varies by area
		CP Commercial Professional District	FAR 1.5 (2.5 in CP5 with Development Review Permit)

DUs = Dwelling Units

FAR = Floor Area Ratio

Appendix G:
Re-Evaluation of 1993 Housing Element

APPENDIX G

RE-EVALUATION OF 1993 HOUSING ELEMENT

A. INTRODUCTION

Pursuant to a settlement agreement between the City of Santa Monica and the plaintiffs in a lawsuit challenging the City's 1993 Housing Element, this section presents a re-assessment of specific components of the 1993 Housing Element. The re-assessment (1) provides an inventory of land suitable for residential development; (2) evaluates the difference between the City's 1993 Fair Share allocation and its 1993 quantified objectives; and, (3) reviews the performance of the City in relation to the goals, objectives, policies, and programs defined in the 1983 Housing Element.¹

B. INVENTORY OF LAND THAT WAS SUITABLE FOR RESIDENTIAL DEVELOPMENT DURING THE 1989 - 1994 PLANNING PERIOD

By law, the City is required to provide an inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment. This section estimates the inventory of land suitable for residential development that was available at the initiation of the 1989-1994 planning period.

1. Vacant Land

Vacant sites available for residential development during the 1989-1994 planning period consisted of over 13 acres, which could accommodate 373 units based on their zoning designation. Table B-1 shows the vacant acreage in each of the City's residential zones at the beginning of the previous planning period. The total theoretical unit capacity is determined by multiplying the vacant acreage by the number of square feet (43,560) per acre, and dividing by the allowable density in each zone. This analysis assumes that all vacant land will be developed to the maximum potential, excluding density bonus units.

¹ The extent to which any governmental program acted as a constraint to housing productivity during the planning period of the 1993 Housing Element is evaluated as part of the extensive governmental constraint analysis undertaken by HR&A. See Technical Appendix.

**TABLE B-1
INVENTORY OF VACANT LAND**

Zoning Districts	# of Parcels	Sq Ft	Acreage	Allowable Density	Potential Units
OP-1 Single Family	2	4,000	.09	1 du/parcel	2
OP-2 Low Density	11	71,306	1.63	2,000 sf/unit	36
OP-3 Medium Density	0	0	0	1,500 sf/unit	0
OP-4 High Density	0	0	0	1,250 sf/unit	0
OP-Duplex	0	0	0	2 du/parcel	0
R1-Single Family	11	100,200	2.30	1 du/parcel	11
R2-Low Density	19	151,020	3.47	1,500 sf/unit	100
R2R-Duplex	0	0	0	2 du/parcel	0
R3-Medium Density	22	183,525	4.21	1,250 sf/unit	146
R4-High Density	9	69,938	1.61	900 sf/unit	78
RMH-Mobile Home	0	0	0	N/A	0
Total	74	579,989	13.31		373

2. Underutilized Sites as of 1989

In addition to development on vacant land, there also was substantial potential for residential development during the 1989-1994 planning period on sites that were developed at densities below those permitted under zoning. As described in Section II.D, Inventory of Land Suitable for Residential Development, the theoretical capacity for potential new units on underdeveloped, multi-family zoned parcels for the 1998-2003 planning period is 6,032 new units. At the start of the 1989-1994 planning period, the theoretical capacity for potential new units on underutilized sites would have consisted of the 1998-2003 theoretical capacity *plus* the number of net new units actually constructed during the 1989-1996 (July 1989 - March 1996) period on underdeveloped, residentially zoned parcels.

To estimate the theoretical capacity that existed at the start of the 1989-1994 planning period, City staff calculated the net new units constructed between 1989-1996. Projects on sites that were not

underdeveloped at the time of redevelopment and projects located on commercially or industrially zoned land were excluded from these calculations. Based on Certificates of Occupancy from July 1989 to March 1996, 895 net new units were constructed in the City on underdeveloped, residentially zoned parcels. To estimate a theoretical capacity for the 1989-1994 planning period, staff added these units to the 1998-2003 theoretical capacity. These calculations lead to an estimated theoretical capacity of 6,927 units at the initiation of the 1989-1994 planning period.

Age of Existing Structure(s)

As a means of determining a realistic age at which residential buildings in Santa Monica are most likely to be recycled, staff reviewed 78 residential projects on underutilized parcels for which application was made between July 1984 and June 1989. Eighty-one percent of the original buildings on these underutilized parcels were constructed before or during 1939, with seventeen percent built during the next decade and three percent built in the 1950s.

Based on this empirical review of projects, City staff conservatively concluded that parcels developed with units built prior to 1940 are those which were most likely to recycle to higher densities.

Ratio of Actual Approved Density to Maximum Permitted Density

Staff reviewed a cross-section of 46 multi-family development applications proposed on underutilized parcels between July 1984 and June 1989 to assess the ratio of actual approved density to maximum permitted density. The average ratio of the actual approved density of these projects (including density bonus units) to the maximum units permitted under zoning (excluding potential density bonus units) is 1.10. As with the analysis of 1989-1995 projects, where the average ratio equaled 0.98, the City concluded that development is essentially occurring at the maximum permitted density. Therefore, in determining the realistic potential for new unit development, the City assumed that each parcel would be built to 100 percent of its capacity.

Ratio of New to Replaced Units

Similar to the 1998-2003 suitable sites analysis, City staff evaluated whether there was a minimum threshold ratio of allowable-to-existing units that was a pre-requisite to recycling. A review of projects for which applications were made between July 1984 and June 1989 indicates that the average ratio of new to existing units was 5.5 to 1. While analysis of this data might have suggested that a minimum threshold of new to existing units existed, a threshold below which developers would

not likely redevelop property, data available from the 1989-1995 period demonstrates that no clear cut threshold exists.

In this more recent period, developers commonly replaced two-or three-unit buildings for a gain of only one or two units. In some instances, developers were willing to replace units one-for-one or even lose units. Staff believes that the higher ratio for the 1984-89 period probably had more to do with the then availability of lots with single-family dwellings and vacant lots than with any type of minimum required ratio. As vacant and single-family dwelling lots became more scarce, developers developed lots containing two to three units even where the net gain in units was quite small or nonexistent.

Summary of Realistic Development Potential on Underutilized Sites

In conclusion, of the three factors evaluated - age, ratio of actual to permitted density, and ratio of new to replaced units, only age appears to be a real consideration in determining whether a parcel will recycle to higher densities. Therefore, the realistic potential for recycling during the 1989-1994 planning period would have consisted of the realistic potential for development on underutilized parcels in the 1998-2003 planning period, adjusted to reflect the age of existing structures likely to be recycled in this earlier planning period, *plus* new units actually constructed between 1989-1994 on underdeveloped, residentially zoned parcels.

The realistic potential for development on underutilized parcels in the 1989-1994 planning period is 2,173 units. Adding in units constructed between 1989-1996, results in a realistic potential capacity on underutilized parcels of 3,068 units for the 1989-1994 planning period.

3. Non-Residential Zones

In addition to the potential for new housing in residential zones, there was potential for residential development in the commercial zones at the initiation of the previous planning period. The extent of this potential is difficult to calculate retroactively. Unlike the 1998-2003 planning period, regulations and trends did not actively encourage this type of development. Not until the middle of the previous planning period did the City begin to permit residential development in commercial zones by right, and mixed-use development was still a new concept in the region. Nonetheless, the City did see some residential development in commercial zones. For simplicity, this analysis assumes that the realistic potential for residential development in commercial zones during the 1989-1994 period equaled the number of units actually constructed plus units that were proposed, but not constructed during that time frame.

Between July 1989 and March 1996², the City issued Certificates of Occupancy for 261 dwelling units located in commercial zones. Additionally, between 1988 and 1994, applications were submitted that proposed construction of an additional 93 dwelling units in non-residential zones.³ While these additional projects have not been completed, and might not be developed, staff believes they represented additional realistic potential for residential development in commercial zones during the 1989-1994 planning period. The total realistic potential for residential development in commercial zones, therefore, sums to 354 dwelling units.

4. Availability of Sufficient Infrastructure Capacity in Multifamily and Commercial Zones

In 1989, as it is today, Santa Monica was a fully developed community located in the midst of a highly urbanized region. As a result, public facilities, including sewer lines, sewer treatment, water lines, streets, storm drains, telephones, electrical lines and gas lines, were readily available to support residential development in multifamily and commercial zones.

The Final Environmental Impact Report for the Housing Element Update (FEIR), July 14, 1993, indicated that at the start of the previous planning period sufficient capacity existed in the public infrastructure systems to accommodate the new residential development studied by the report. The FEIR demonstrated that these systems could accommodate increased demand assuming both fulfillment of the City's adopted quantified objectives (1,150 units) and achievement of the City's allocated Regional Housing Need (3,220 units). The FEIR concluded that development assuming either scenario would not significantly impact the availability or quality of water, sewer treatment or service, electricity or natural gas service, or solid waste disposal, or the capacity of the storm drain system, given requirements and programs under implementation at the time of the Housing Element's adoption. The FEIR did indicate that the availability of land fill capacity might be an issue.

5. Summary of Residential Development Potential

Table B-2 summarizes the residential development potential on vacant, underutilized residential, and non-residential sites. Comparing the City's residential development potential of 3,795

² The planning period covered by the 1993 Housing Element has been extended through June, 1998.

³ Units proposed during between 1988 and 1994 could reasonably have been constructed during the planning period.

dwelling units with the 3,220 dwelling units identified as Santa Monica's fair share of regional housing needs, it is evident that at the initiation of the 1989-1994 planning period the City's General Plan and zoning provided for a residential development capacity that adequately addressed the City's projected share of regional growth.

TABLE B-2
CITY OF SANTA MONICA
1989-1994 POTENTIAL RESIDENTIAL DEVELOPMENT SUMMARY

	Realistic Development Potential
Vacant Land	373
Underutilized Residential Sites	3,068
Non-Residential Sites	354
TOTAL	3,795

C. RELATIONSHIP BETWEEN THE CITY'S 1993 FAIR SHARE ALLOCATION AND QUANTIFIED OBJECTIVES

The City's share of regional housing needs (RHNA) for the planning period of its 1993 Housing Element was 3,220 units. The City's 1993 Housing Element established a housing production objective of 1,150 new housing units, including 173 lower income units (0-60 percent of Median Family Income (MFI)) and 173 moderate income units (60-100 percent MFI). Review of certificates of occupancy issued between July 1989 and April 1996 indicates a total of 1,027 units were produced.

The City developed a quantified objective which was lower than its RHNA number for several reasons.

First, the City believed that the overall methodology used by SCAG to develop RHNA numbers was flawed because it did not account for the unique characteristics of each community, but rather it took a singular approach for the entire region. More specifically, the methodology did not differentiate between densely populated and built-out communities like Santa Monica which can accommodate limited growth and communities which are less built-out and can accommodate additional growth.

This failure to differentiate between cities penalizes cities which are already built-out and establishes unrealistic RHNA numbers for these communities.

The City of Santa Monica is also particularly concerned with the vacancy rate assumptions used in the model and the household growth factors used in the model. Our specific points of disagreement with the SCAG methodology are detailed in the Section II.E, Subsection 4 of this Housing Element.

Second, the quantified objectives adopted by the City in 1993 also took into account the economic climate of the period which included the recession of the early 1990s, the 1992 civil disturbances in Los Angeles, and changes in residential real estate lending practices, among other factors. The economic conditions of this period are detailed in the governmental constraints memoranda prepared by HR&A for the City.

D. REVIEW OF PERFORMANCE

To develop programs in its 1993 Housing Element that appropriately addressed the identified housing issues, City staff reviewed the housing programs adopted as part of its last (1983) Housing Element, and evaluated the effectiveness of those programs in delivering housing services. This review of the City's progress in implementing previously adopted programs provided a basis for assessing the continued appropriateness of those programs and for developing new programs for the 1993 Housing Element.

This section reviews the goals and objectives as set forth in the City's 1983 Housing Element and evaluates the City's progress in achieving them.

1. Effectiveness in Meeting Housing Element Goals

The following discussion describes the City's progress concerning specific goals, objectives, and policies in greater detail. It is important to note that the 1983 Housing Element was adopted according to interim guidelines established for the Regional Housing Allocation Model (RAM) in 1981. Under the 1981 RAM, the applicable planning period was 1981 through 1986. The actual planning period for the City, however, extended to June 1989, when the State required that Southern California cities prepare Housing Element updates.

The 1983 Housing Element established three sets of quantified goals concerning rehabilitation needs, assistance needs, and growth needs. The following provides an evaluation of the City's progress in meeting these goals.

a. Five-Year Rehabilitation Needs:

The 1983 Housing Element established the following goals for housing rehabilitation for publicly assisted and privately developed projects:

Owner Households:	30
<u>Renter Households:</u>	<u>760</u>
Total	790

During the 1981-1986 period, the City was involved in the rehabilitation of 441 units, including 196 units that were acquired and rehabilitated, 220 that underwent minor rehabilitation, and 25 that underwent other types of rehabilitation. This represents approximately 56 percent of the City's five-year rehabilitation goal.

The housing rehabilitation goal included private sector projects. Data available for 1981-1989 (Building and Safety Annual Reports) indicate that the City issued building permits for "additions, alterations, or repairs" for 3,856 residential projects. This total includes permits issued for both single family residential dwellings and multi-family units; it is not possible to separately ascertain the number of multifamily units which were subject to rehabilitation or repair. However, given the total number of building permits issued for residential rehabilitation and the economic climate of this period, City staff believes that the private sector likely rehabilitated sufficient additional units to meet the City's goal. In the 1993 Housing Element, the City reformatted its rehabilitation goals to address only City-assisted units.

b. Five-Year Assistance Needs:

The 1983 Housing Element established the following goals for housing assistance:

	<u>Owner</u>	<u>Renter</u>	<u>Total</u>
Elderly	15	540	555
Small Family	10	670	680
<u>Large Family</u>	<u>2</u>	<u>65</u>	<u>67</u>
Total	27	1,275	1,302

On an annual basis, these goals would result in assistance to 108 elderly, 134 small family, and 13 small family households.

The following table shows the number of senior (elderly), small family, and large family households that the City assisted each year between 1981 and 1986 using Section 8 rental assistance.

<u>Year</u>	<u>Senior</u>	<u>Small</u>	<u>Large</u>
1981	256	137	48
1982	256	137	48
1983	256	137	48
1984	256	137	48
1985	258	146	48
<u>1986</u>	<u>285</u>	<u>147</u>	<u>49</u>
Total	1,282	841	289

Thus, City records show that the City's actual assistance to elderly, small family and large family households surpassed its goals during the planning period.

c. Growth Needs Estimate (RHAM):

According to the 1983 Housing Element, the Regional Housing Allocation Model (RHAM) projected a net estimated need for 4,137 net new housing units during the 1981 through 1986 period. Of these, 2,298 represented the number of units needed to accommodate additional population growth while the remaining 1,839 units represented the number of additional units necessary to achieve an ideal vacancy rate.

The 1983 Housing Element did not anticipate that the City would be able to meet the growth needs estimated by the RHAM. As the Element itself stated, national, regional and local economic, social and legal factors could significantly impact actual growth levels.

Equally important, as discussed, the City believes that the overall methodology used by SCAG to develop its growth projections is flawed, in part, since it does not account for the unique characteristics of each community. The City's specific points of disagreement with the SCAG methodology are detailed in Section II.E, Subsection 4 of this Housing Element.

The City estimated that actual growth levels for the 1981-86 period would be from 1,500 to 2,500 new units.

The Technical Analysis and Discussion for Proposition R, dated September 16, 1991, indicates that between 1981 and 1986, 1,190 net new units were constructed in the City; information about the affordability of these units is not available.

During 1987, 1988, and 1989 (January - June), the City added 227, 67, and 118 net new units, respectively. This represents a total of 412 new units during the 1987-1989 period. Added to the number of net new units constructed between 1981 and 1986, this brings total net new development during the 1981-1989 period to 1,602 net new units.

Thus, while between 1981 and 1986, the City fell 310 units shy of achieving its goal of 1,500 units, it subsequently exceeded that goal by 102 units. Between 1981 and 1986, the City fell 2,937 units shy of achieving its 1983 Fair Share allocation of 4,127 units, and between 1981 and 1989, it produced 2,525 units less than the 1983 Fair Share. In sum, the City achieved its quantified objective but did not meet the unrealistic RHAM goal.

3. Review of Progress in Meeting Housing Element Objectives

The 1983 Housing Element established seven main objectives. This section reviews the City's progress in meeting these objectives.

Even though the 1983 Housing Element contains many goals that apply specifically to the 1981-1986 planning period, effectively the goals, policies, and programs of the 1983 Element were valid through July, 1989 when the RHNA planning period began. Therefore, unless the quantified objectives of the 1983 Housing Element were explicitly tied to the 1981-1986 period, the evaluation of the City's progress in meeting its objectives includes the three additional years between 1986 and 1989.

1. *Address the need for replacement of the estimated 1,500 rental housing units demolished and converted in the years just prior to rent control by promoting the development of new rental housing.*

City records reveal that between 1981 and 1986, 327 new apartment units were constructed in the City. This represents approximately 22 percent of the target number of replacement units. Between 1987 and 1989, an additional 530 apartments were constructed, bringing the total to 857, or about 57 percent of the estimated number of units demolished and converted just prior to rent control.

During the planning period, the following accomplishments related to the production of rental housing also occurred:

- Under the State Rental Housing Construction Program, the City received \$120,000 to assist in the development of a six-unit multi-family project.
- The City used funds provided through the California Housing Finance Agency (CHFA) Revenue Bond Program to assist 108 lower income units between 1984 and 1989.
- The City used funds provided through the federal Housing Development Action Grant (HODAG) to assist with the development of rental housing affordable to lower income households.
- Projects were developed within the City using HUD Section 202 and 236 funds to provide senior housing.
- The City used California Housing Rehabilitation Program funds to supplement the acquisition and rehabilitation of units.
- Community Development Block Grant grants were used by the City to assist with the acquisition and rehabilitation of units.

The 1993 Housing Element continued to promote the development of new rental housing, through the following programs; Program A-2.b -- support the efforts of private, nonprofit community development corporations; Program A-2.e -- participate in state and federal low and moderate income housing programs, and develop local sources of funds for housing; and, Program B-1.d -- replacement of rental units (multifamily, single room occupancy hotels, etc.) proposed for demolition, conversion or other removals, and replacement with either residential or nonresidential development.

2. *Promote the development of new housing units which are affordable to all social and economic groups.*

The City has made the following accomplishments with respect to the development of affordable housing:

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- As of 1989, Community Corporation of Santa Monica had developed 106 new affordable units.
 - Between 1983 and 1989, the City approved three development agreements resulting in the construction of 111 units of rental housing (Program A.1.e). Two additional development agreements were approved during this period, resulting in the prepayment of in lieu fees.
 - In March, 1987, the City Council adopted an ordinance requiring all new housing development which includes more than five units to include rental units affordable to households at or below the median for the city, or pay an in lieu fee, which acted as an incentive for the production of affordable housing. As of 1989, 23 projects, incorporating 37 affordable units, had been built.
 - The City established three redevelopment project areas which were required under state law to set aside 20 percent of their tax increment to assist in the production of housing affordable to low and moderate income households. As of 1989, a total of \$3,363,082 had been spent to assist 269 low and moderate income households/units.
 - The City received \$778,000 from the federal Department of Housing and Urban Development which was used to fund construction of 43 units of housing affordable to lower income households between 1981 and 1989.
 - The City adopted an office development mitigation program which required developers of new commercial office space in excess of 15,000 square feet or addition to existing development in excess of 10,000 square feet to either provide low income housing or pay an in-lieu fee. As of 1989, 62 units in six projects were constructed and \$2,844,668 in-lieu fees collected under this program.

The 1993 Housing Element continued to promote the development of new housing units which are affordable to all social and economic groups through the following programs: Program A-1.a -- conduct periodic review and revision of planning, zoning, and development regulations to ensure an adequate supply of sites for a variety of housing types and prices; and Program A-1.b -- review the impact of proposed ordinances, assessments, and fees on housing affordability and availability; Program A-1.c -- provide an expedited and coordinated permit system; Program A-1.d -- define criteria for Architectural Review

Board (ARB) actions; Program A-1.e a -- where Development Agreements are appropriate for large, phased development projects, encourage the inclusion of measures in the agreement to encourage prepayment of housing in lieu fees or other actions to increase the supply of affordable housing commensurate with the impact of the project; Program A-1.g -- investigate the feasibility of rezoning non-residential areas for residential use in order to mitigate the effects of downzoning in other areas; Program A-2.b -- support the efforts of private, nonprofit community development corporations; Program A-2.d -- promote the use of air rights above city-owned or other publicly owned land for affordable housing; Program A-2.e -- participate in state and federal low and moderate income housing programs, and develop local sources of funds for housing; Program A-2.f -- investigate creative programs to leverage the effectiveness of city financing for housing programs; and, Program A-2.g -- develop a density bonus program to encourage the production of housing affordable to low and moderate income persons.

3. *Address the affordable housing needs of existing residents least able to pay.*

The City accomplished the following with respect to assisting low- and moderate-income households:

- The City continued to support the Rent Control Charter Amendment throughout the planning period. The charter amendment established an elected Rent Control Board to regulate rental units in the City and ensure that rents would not be increased unreasonably. Data from the 1980 and 1990 U.S. Census reveal that while the median home price increased by 163 percent from \$189,800 to \$500,001, the median rent increased by only 66 percent from \$319 to \$532.
- Between 1984 and 1989, forty units were rehabilitated under the Rental Rehabilitation Program, which assists private owners of rental housing to rehabilitate their units while maintaining rents at an affordable level.
- Between 1981 and 1986, the City served 2,412 households under Section 8 Rental Assistance and Housing Voucher programs funded by the federal government.

The 1993 Housing Element continued to address the affordable housing needs of existing residents least able to pay through the following programs: Program A-2.a -- develop an inclusionary zoning program requiring 30% of all new multi-family units be affordable to low and moderate income households. Of these units, 50% must be affordable to low

income households and 50% must be affordable to moderate income households; Program A-2.c -- study and develop programs to address the housing needs of the growing population of homeless people in Santa Monica; Program B-1.a -- support the rent control charter amendment; Program B-1.b -- protect rental housing by limiting the conversion of rental units to market rate condominiums and cooperatives; Program B-1.g -- protect the supply of units affordable to the lowest income tenants while permitting landlords to increase revenues from their rental property through the Incentive Housing Program; Program C-1.a -- support and participate in the Section 8 Rental Assistance and Housing Voucher programs; Program C-1.c -- provide assistance to homeless individuals and households to find temporary shelter in cold or inclement weather; and, Program C-2.a -- continue to enforce fair housing laws.

4. *Develop programs promoting the rehabilitation and/or replacement of the 6,703 housing units which SCAG estimated as being in poor condition.*

- As of 1989, CCSM had rehabilitated 222 units for rental to low and moderate income persons.
- Between 1983 and 1988, 452 units were rehabilitated using Community Development Block Grant Funds (see Program B.2.a).
- The City received \$200,000 from the California Deferred Payment Rehabilitation Loan Program for the acquisition and rehabilitation of a 25-unit apartment project.

The City continued to develop programs promoting the rehabilitation and/or replacement of the 6,703 housing units which SCAG estimated as being in poor condition when there are programs and resources available. However, factors working against meeting this objective include a general slow-down in housing related construction because of high interest rates and a refocusing of City rehabilitation efforts to assist publicly-assisted units only. The 1993 Housing Elements contained the following programs: Program B-2.a -- continue to implement a housing rehabilitation program; Program B-2.b -- enforce housing health and safety codes; Program B-2.c -- evaluate the targeting of rehabilitation programs to ensure that all areas in need of assistance are being adequately served, and encourage the use of volunteers in rehabilitation efforts; Program B-2.d -- encourage the preservation of architecturally and historically significant neighborhoods and buildings; and, Program B-2.e -- City staff will work with Rent Board staff to provide information to residential

property owners concerning Rent Control Board procedures for increasing rents to pay for capital improvements.

5. *Develop programs to eliminate overcrowding.*

The City's Rent Control program has served to maintain rents at reasonable levels, thus reducing the need for individuals to share households. The 1990 U.S. Census shows that the average households size has declined from 1.97 in 1980 to 1.88 in 1990. The reduction in average household size is attributed in part to affordability of rents in Santa Monica.

Nevertheless, the number of overcrowded households has increased from 2,061 in 1980 to 2,414 in 1990, particularly in these census tracts straddling the Santa Monica Freeway. Since these census tracts also have the lowest median incomes, it is likely that the crowding is partly due to the inability of households to afford a unit which would adequately accommodate them. Thus, the City continues to lack low cost housing for larger households.

The 1993 Housing Element contained programs to eliminate overcrowding including: Program A-1.h -- maintain, improve, and develop housing for households with special needs, especially large families, families with small children, the elderly, and the disabled; Program A-2.a -- develop an inclusionary zoning program requiring 30% of all new multi-family units be affordable to low and moderate income households; Program B-1.a -- support the rent control charter amendment; and, Program B-1.g -- protect the supply of units affordable to the lowest income tenants while permitting landlords to increase revenues from their rental property through the Incentive Housing Program.

6. *Alleviate the housing supply problems faced by families with children.*

Under the City's fair housing and non-discrimination programs, the following accomplishments were made: the Deputy City attorney for Consumer enforces the City's fair housing laws; the West Side Fair Housing Council provides counseling and investigates complaints of discrimination in Santa Monica; and, the City imposes a standards condition of subdivision map approval requiring the inclusion of anti-discrimination clauses on the conditions, covenants and restrictions for new projects in the City.

The 1993 Housing Element contained programs to continue to alleviate the housing supply problems faced by families with children including: Program A-1.h -- maintain, improve, and develop housing for households with special needs, especially large families, families with small children, the elderly, and the disabled.

7. *Promote programs which make home ownership a realistic objective for persons of all income and social groups.*

The City adopted a Tenant Ownerships Rights Charter Amendment (TORCA) in 1984 which allowed the conversion of rental units to ownership if two-thirds or more of the building's tenants agree to the conversion and one-half or more intend to buy their units. In order to assist low and moderate income tenants to purchase their units, the City also agreed to establish an ownership assistance program to be funded by a tax levied on units that are converted to condominium ownership. As of 1988, the City had collected \$844,801 for use in this program.

A recent study of conversions occurring under the TORCA program revealed that 256 units had converted through 1989. The study also showed that, upon first sale, approximately 10 percent of the TORCA units were affordable to very low-, and low-income households while another 40 percent are affordable to median- and moderate-income households. This is a substantial percentage, especially given the fact that the median prices for market-rate condominiums in Santa Monica are affordable only to high-income households.

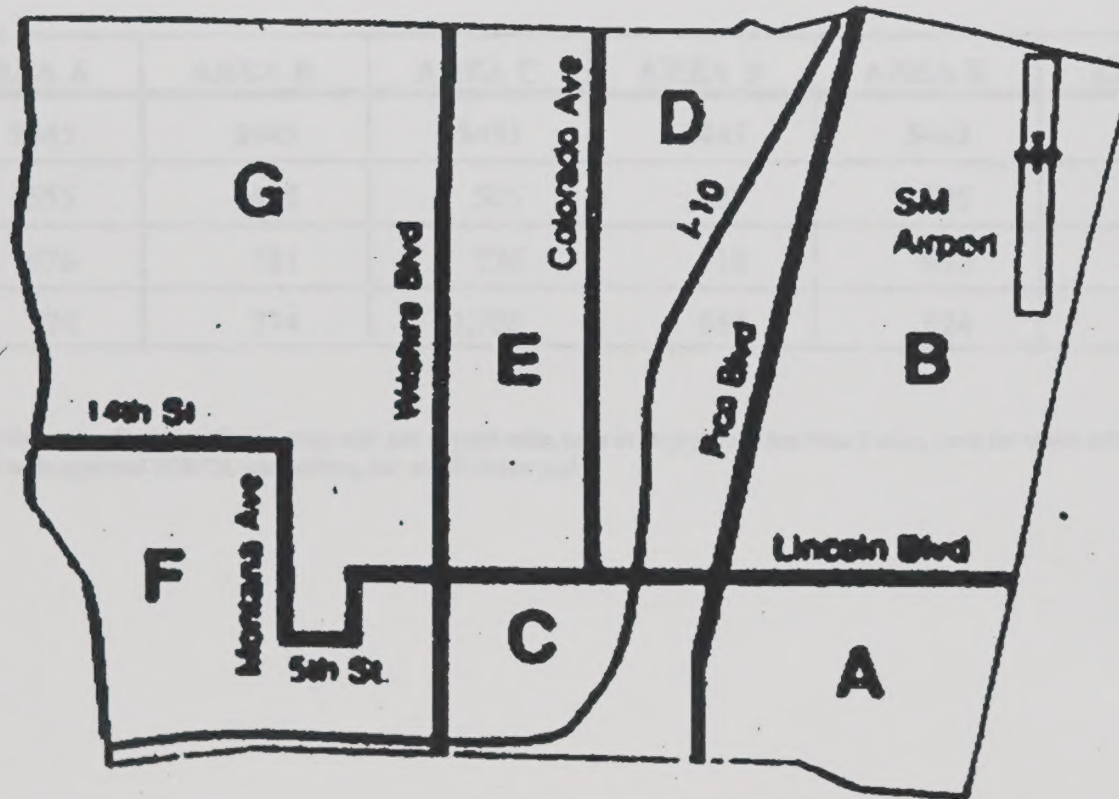
The 1993 Housing Element contained programs which make home ownership a realistic objective for persons of all income and social groups including: Program A-2.e -- Participate in state and federal low and moderate income housing programs, and develop local sources of funds for housing; Program B-1.e -- permit conversion of controlled rental units to limited equity cooperatives without involuntary displacement of tenants or loss of affordability; and, Program C-2.a -- enforce fair housing laws.

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Appendix H:
Rent Control Board Subareas and
Median Maximum Allowable Rents

Rent Control Board Areas



Map courtesy of *The Outlook*

MEDIAN MAXIMUM ALLOWABLE RENTS (MAR's)
By Rent Control Board Subarea
as of September 30, 1995*

	AREA A	AREA B	AREA C	AREA D	AREA E	AREA F	AREA G
0 Bedroom	\$445	\$445	\$455	\$445	\$463	\$470	\$475
1 Bedroom	555	495	505	477	505	582	530
2 Bedroom	676	581	776	518	632	774	706
3 Bedroom	774	774	1,728	658	824	938	920

*Based upon 26,322 rent controlled units. Excludes all properties with any exempt units, units in properties of less than 3 units, units for which information on the number of bedrooms is not reliable, units in buildings with approved TORCA conversions, and mobile home parks.

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